
ALLEGATO B – GLI STUDI DI CASO IN VERSIONE ORIGINALE

The French case study⁶⁶

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1. Continuing vocational training and lifelong learning in France

The system

It involves the central government as well as local administrations, public institutions, public and private schools, the business sector, trade associations, labour unions and representatives of family organisations.

The originality of the French continuing vocational training system lies in the important role played by **collective bargaining agreements**. In addition, its general structure provides a wide range of possibilities for obtaining training, **depending on the status of the individuals**.

The current continuing vocational training provisions result from collective agreements between the social partners and State-initiated laws and decrees. In response to the status and the specific training problems faced by individuals, the social partners and government have created and implemented a range of measures: alternance contracts (alternating work-study training); an **Individual Training Leave benefit** (see below); re-training agreements, etc. Continuing vocational training is an important economic activity, accounting for 1.7% of French gross domestic product.

The central government, the 26 regional governments, firms and social partners all work together in defining vocational training policy. While the central government votes the laws, it is the **regional governments, since 2003, that are responsible for implementing vocational training**. Regional governments have general responsibilities and are free to develop their own training policy, especially as concerns continuing vocational training. The policy of the central government is aimed at the unemployed and populations with special problems (the disabled, women, etc.). A national co-ordinating committee has been created in order to facilitate the development of coherent and harmonious State and regional programmes: the Committee for the Co-ordination of Regional Apprenticeship and Vocational Training Programmes.

Companies are the preferred sites for training, and, together with the central and regional governments, are major contributors to the funding of continuing vocational training.

Trade associations and labour unions help to develop continuing vocational training policy and co-operate in its implementation by creating and managing fund collection bodies (OPCA). These bodies collect vocational training tax, which ranges from 1.6% to 0.5% of each enterprise's total annual payroll.

Training beneficiaries

Employees from the private sector, employees from the public sector, self-employed workers and job seekers benefit from training measures based on their status.

Private-Sector Employees

Wherever they work, employees can benefit from continuing vocational training during the course of their career. The departure in training can be made:

- ✓ Under the company training plan. The plan encompasses all training activities under the responsibility of the employer. The employee in training is on a professional assignment. He or she is paid by the firm.
- ✓ Under the Individual Training Leave benefit (CIF). It's a recognised individual right for all employees to pursue training of their choice during their working hours.
- ✓ **Under the Individual Training Right benefit (DIF).** Every employee acquires a training-time credit of 20 hours a year within the limits of 6 years, which allows all employees to pursue a vocational training. Normally, the employee attends training courses outside working hours except when a sector's agreement of the social partners foresees the possibility of being considered to be undertaking the professional work.

Public sector employees

Public-sector employees can benefit from training either through a training plan implemented by the services of the State or the regions, or under a training leave.

The training plan encompasses all training opportunities offered by the government services to their employees. The employee is considered to be on duty during the training period. His or her salary is maintained. Training leave is an individual right

that allows employees to receive training of their choice during working hours. The employee on leave receives compensation.

Self-employed workers

Self-employed workers (farmers, tradesmen - "craftsmen" - , shop-owners, professionals and other self-employed workers) can also have access to training. They must provide some degree of funding for their training by paying a contribution to a fund collection body.

Job seekers

All job seekers can, under certain conditions, receive paid training. Young people aged 16 to 25 can receive training, within the framework of special work contracts financed both by the firm, the State and the regions: alternating work-study training contracts.

Unemployed adults can seek training:

- ✓ Within the framework of a special training contract, designed for those with difficulties finding employment ;
- ✓ As part of training sessions funded by the central or regional governments.
- ✓ Special leave for skills review enables workers or job seekers to review their personal and professional skills and build an individual training and professional plan.
- ✓ The company-access training course is designed for job seekers likely to fulfil employment requirements after receiving additional training. It is implemented by the National Employment Agency (ANPE) ;
- ✓ A personal training system funded by **training vouchers** granted by the Regions.
- ✓ The re-training agreement is a form of placement assistance for employees made redundant for economic reasons.

The funding

Continuing vocational training is primarily financed by the central and regional governments and by companies. The responsibilities of the State and the regions with regard to financing are set out by law.

- ✓ Regional governments have *general responsibilities* in continuing vocational training. They are responsible for continuing vocational training for young people (between the ages of 16 and 25) and adults.
- ✓ The central government *participates in the training* of those in difficulty, and provides financial support for professional bodies and companies.

Companies pay a levy as part of a legal obligation to participate in financing training. All firms work together to develop continuing vocational training by participating annually in financing training and skills audit. For firms with 10 or more employees, the legal obligation is 1.6% of the firm's gross annual payroll. In fact, some companies pay far more than this legal minimum. The average contribution is approximately 3%. For firms with less than 10 employees, the legal obligation is 0.5% of the company's gross annual payroll. Through collective bargaining agreements, certain business sectors have set a contribution rate that is higher than the minimum required by law. Some of these contributions are paid to collection bodies, managed by social partners. Company managers and self-employed workers pay a contribution of 0.15% of a special base to fund collection bodies.

The fund collection bodies are created by employer and employee organisations. The central government maintains the right to examine and inspect these bodies in order to make sure that training plans, individual training leave benefit and alternating work-study training contracts are financed in all firms.

The training providers

Two different types of organisations are involved in continuing vocational training: training organisations and skills review centres. There are over 45 000 training organisations on the free competitive training market, but only 7 485 of them provided training as their main activity in 2000.

Government-owned and government-assisted training organisations: Institutions under the aegis of the Ministry of Education.

Organisations under the responsibility of other ministries:

- ✓ AFPA (National Adult Training Association), under the responsibility of the Ministry of Employment and Solidarity;
- ✓ Agricultural training and promotion centres, under the aegis of the Ministry of Agriculture
- ✓ Chambers of Agriculture, Chambers of Commerce and Industry, Guild Chambers. Private organisations
- ✓ Non-profit making organisations
- ✓ Private organisations
- ✓ the self-employed.

2. Life long learning and individual allowances: the legislative framework

The last legal regulation for training in France was voted the 4th of May 2004. The implementation began the 1st January 2005. This Law represents the official recognition of a right for each salary of a lifelong learning. This right is attached to the person independently of the enterprise or his level of study. The Law confirms the existent measures and created the Individual Training Right benefit (Droit individuel à la formation – DIF).

Moreover, the Law pursues the decentralisation process in vocational training: Region is now the single responsible level for vocational training.

The implementation of this new regulation is underway, but not complete because some decrees of applications are not already available. They are scheduled for the end of this year.

3. Typologies of individual allowances for study/training or "conciliation" support

The individual training right benefit (Droit individuel à la formation - DIF)

It is a new modality of access to training for salaries introduced in 2005. Every employee acquires a training-time credit of 20 hours a year within the limits of 6 years, which allows all employees to pursue a vocational training. The rights can be accumulated during a 6 years period maximum (i.e. 120 hours). The initiative is the concern of the salary and the content of training is defined by a written agreement between salary and employer.

The Training Voucher (Le Chèque – Formation)

Generally, it concerns the job seekers or youth (16-25 years old). Financed by the Regions and managed by the National Employment Agency (ANPE). The conditions of this grant vary from one Region to one other (i.e. the duration of the training; the publics targeted even if job seekers are the most important and represented target group, the content of the training, the objectives of the training...).

ARAF – Aide à la reprise d'activité des

Created in 2000, which aims at facilitating access to employment, training or business creation by providing beneficiaries with financial support to help them cover the initial cost of childminders for children under age 6.

4. Eligibility criteria for individual allowances and financial support

Concerning the DIF

Every employee with an indeterminate period contract (for at least one year in the same enterprise) and every employee with a determinate period contract (for at least 4 months) are concerned by this measure.

A specific collective agreement (in a sector/branch or in an enterprise) can anticipate that the training will be organised during the working time (in this case, the employee gets his current salary). If not, the training will be organised apart from the working time (in this case, the employee get a training allowance calculated as 50% of the net salary).

The costs related to these training are part of the enterprise levy (see the legal obligation of the firm to participate in financing training above). They cover all the training expenditures (of which the pedagogical expenditures, the eventual travel and hotel costs, the salary and/or the training allowance). But these expenditures are paid by the OPCA (see above).

Concerning the training vouchers in Ile de France Region (IdF Region)

In the framework of its vocation training competencies, The IdF region proposes to the people located on its regional territory to improve their foreign language and office technologies competencies. Two vouchers were created: the Language Voucher (since 1991) and the Office Technologies Voucher (since 1993).

The job seekers are the prioritised target group (but not the exclusive one). For 2006, the IdF region is thinking of enlarging the eligible group to employees with State match-funded contract and employees threatened with redundancy.

The demand has to be included in a vocational project: some selected regulation and evaluation centres must recognise the validity of this measure for the demander situation (qualitative condition).

The main costs are covered by the Region; the trainee is financially invested for a few euros.

Concerning the ARAF

Women i) registered as job seekers, without any un-employment allowances, and ii) in charge of at least one children under six may be concerned by this support.

When all the children are at school the amount of this support is 305€ (406€ when at least one child is not). The sum is paid once a year. This support can be renewed the next year.

The sum is paid if:

- ✓ The work found is paid less than 1 295.82 euros (gross salary)
- ✓ The training duration is at least 40 hours.
- ✓ The woman creates an enterprise.

The support is attributed and managed by the ANPE and match-funded by the Regions and ESF (Objective 3, Measures 8/9).

5. The supply of the training, educational or “conciliation” services

Concerning the DIF

The choice of the training is the result of an agreement between the employee and the employer. (They decide together the type of training suppliers).

But there are some indications in the Law about the content and the objectives of the training. Outwards of a Branch or Enterprise agreement, the eligible training are:

- ✓ promotion, acquisition, maintenance or improvement actions (article L. 900-2)
- ✓ qualification actions (article L; 9002-3)

Concerning the ARAF and the Training Voucher

Concerning the ARAF: there is no condition or restriction concerning the children care paid by this support.

Concerning the IdF vouchers: the training activities have to be done by a selected list of training organisation (selection operated by a procedure of public markets). The selected training organisations have to give modular and individualised training. The objective of these two training is explicitly the improvement of employability or adaptability to the job.

Around 50 training suppliers are selected for each voucher in the whole region. Paris is over-represented (12 suppliers) comparing to the other departments (around 5 by each).

6. Managing and controlling systems

Concerning the DIF

The management of the DIF is individual and in the enterprise or Branch framework (under the social partners improvement conditions).

The 4th of May 2005 Law provides for the creation of a national centre of lifelong learning (Centre national de la formation professionnelle tout au long de la vie) which will be in charge of following and assessing the implementation of the regional vocational training policies, in link with the regional coordination committees of employment and vocational training.

Every year, a financial report is scheduled. Every three years an evaluation of the regional vocational training and lifelong policies is also provided for.

This committee is composed of representative from regional authorities, State, Parliament and social partners.

Concerning the Training Voucher

The IdF region is responsible and the control authority for the two vouchers which are regionally funded. The management of the vouchers is provided by selected prescription and evaluation centres: they are in charge of the welcoming of the potential trainees, the selection of the public, the initial pedagogical evaluation, the regulation of the training course and the final evaluation.

Concerning the ARAF

The ARAF is managed by the ANPE which is responsible of the support attribution and the measure following.

In January 2005, a framework agreement was signed between ANPE and the Parity and vocational equality ministry for improving and reinforcing measures allowing a better equality between women and men. The agreement creates steering committee for assessing the different measures launched of which the ARAF.

7. Results from existing evaluation studies

Concerning the DIF:

A first DIF processing study was granted by the Employment Ministry (study of 140 Branch agreements), conducted by Circé Agency.

The main result is a good implementation and understanding of the new Law by the social partners. More than 30% of the Branches agreed on more than 20 hours by year. Some of them defined some target: employees under a contract with an indeterminate duration (sale, notaries, cleanliness...), employees under a determinate duration (assurance, hotel/restoration, Syntec...), older workers (agriculture and telecommunications).

Other result: the transferability of the DIF (from an enterprise to another in the same Branch or in the same group) was agreed in 40% of the Branch agreements. This point was one of the most discussed during the negotiations before the vote of the Law.

The most important issues are: the weak investment of the SMEs (already less represented in the training of employees) and the absence of specific measures addressed to the low qualified employees.

Concerning Training Vouchers

Language Voucher. In 2004, 7 250 trainees were trained in the framework of this measure for a total of 1 015 000 training hours and an amount of 7 536 149 € (90% of the approved estimated budget). The average duration of the training is about 140 hours. The women are mainly represented (67.3%). The languages

concerned: English (84%), Spanish (5%), Japanese (3.5%), Chinese (3.5%), Italian and German (2%). The intermediate level is the most important group for English training. For the other languages, the novice level is the most demanded. In 2002 74% of the trainees were job seekers, 14% young people and 12% employee from public sector.

Office technologies Voucher. In 2004, 6 500 trainees were trained for a total of 462 771 training hours and an amount of 3 447 089 € (84% of the approved estimated budget). The average duration of the training is about 80 hours with a maximum of 100 hours. The women are most represented than before (79%) due to the opening of in day training. The most popular softwares are word processing, spreadsheet and assisted presentation by computer. In 2002, 59% of the trainees were job seekers, 10% young people and 1% trainers.

The regions scheduled to fund an impact study on the trainee's employment for 2006.

Concerning ARAF:

One evaluation was launched, conducted by the Observatory of ANPE, in 2003. The Employment policy Department of ANPE is in charge of the quantitative and qualitative evaluation and the following of this measure.

The 2000-2004 period was assessed. As a lot of public financial supports, this measure impact increases year after year. During this period, 68 583 ARAF were attributed in France. In 2003 and in 2004, the support was attributed to around 20 000 women each year. One quarter of the beneficiaries got the Minimum Income for Insertion (RMI). In 2004, the majority of this grant was allocated for allowing training activities (56%), 40% for a return to the job market and 1.25% for creating an enterprise.

From a financial point of view, 85% of the budget was used in December 2004. The budget is funded by State (45%) and by ESF (55%). Concerning the regional

repartition, the uses of ARAF varied from one region to another (from 66, 63% to 22, 39%).

Concerning the regional difference, it can principally be explained by the number of women who are registered in an ANPE agency. The biggest regions (Nord-pas-de-Calais, Ile-de-France...) count more women than smaller. The only one exception in regard to this rule is the Outre-Mer departments in which the financial supports are more well-known by most of the people than elsewhere in France.

Concerning the activities repartition funded by this measure, the results can be explained by the characteristics of the target group. The support can be attributed twice with 12 months between both. The women targeted are for the most of them in charge of a mono-parental family and meet big social difficulties: the araf represents for them a first step to employment and then training is considered as a prerequisite for most of them. The first attribution is then mainly related to training. Furthermore, the women who have a higher education level and less social and financial difficulties are less involved in an ANPE following and then they do not use this support for going back to the job market.

8. Conclusions: strengths and weakness

Concerning the DIF

The strength: this right is attached to the person and not to the enterprise (as before).

The weakness: How motivate individuals to be trained when these people are not convinced by the benefit of the training, or are not used to following training?

Concerning the training voucher

The strength: strong content adaptability of the training to the trainee needs and a very attractive price for the trainee.

The weakness: The Parisian are yet more supported than other IdF people because training suppliers are more important in Paris than in the other

departments. However, over the last years, the trend shows a better geographical repartition. The evaluation of the impact of this kind of training on the employment is under way (results by the end of 2006).

Concerning the ARAF

The strength: support mainly addressed to women with the lowest education level and the most difficult economic and family situation.

The weakness: necessitate the registration to the ANPE.

Annex 1: the individual Training Right Benefit

Programme description	It is a new modality of access to training for salaries. Every employee (under a contract with an indeterminate duration) acquires a training-time credit of 20 hours a year within the limits of 6 years, which allows all employees to pursue a vocational training.
country	France
name (original)	Droit individuel à la Formation - DIF
name (English)	The individual training right benefit
implementation date	June 2005
expiration date	-
goal / objective	It is a new modality of access to training for employee. The main objective is the implementation of the Lifelong Learning for all. This training right is obtained apart from an unspecified will of the companies.
type of instrument/incentive	Individual learning accounts: calculated in hours.
target group	All employees
Distribution of direct (out-of-pocket) training costs	Employers are in charge of direct training costs (through an OPCA) for the total amount whatever the period of training (working time, personal time).
Distribution of indirect training costs	Indirect training costs are paid by employers (through an OPCA). The employers pour a financial compensation if the training is organised during the personal time of the employees.
characteristics of training involved	<ul style="list-style-type: none"> - promotion, acquisition, maintenance or improvement actions - qualification actions
executing organisation / implementing body	<p>Enterprise</p> <p>OPCA</p> <p>Individuals</p> <p>Employment ministry</p> <p>Employers and employee Unions</p>
type of training provider	The choice of the training is the result of an agreement between the employee and the employer. (They decide together the type of training suppliers).

partners involved	<ol style="list-style-type: none"> 1. individual employers 2. employer organisations 3. individual employees 4. unions 5. training institutes 6. fund collection bodies 7. Employment ministry 8. national centre of lifelong learning
Innovativeness	Important because the training right is attached to the employee and not the companies. This right is automatic. The implementation is under the responsibility of the employee.
Statistics (for most recent year available)	
Reference year	Not available
Information on impact	
Evaluation study available?	<ul style="list-style-type: none"> – <i>La négociation de branche sur la formation professionnelle</i> (2005), Caroline Rivier, Carine Seiler, sous la direction de Jean-Marie Luttringer, Circé Consultants, Documents d'Etudes de la DARES, n°104, Septembre 2005, 158 p. http://www.travail.gouv.fr/etudes/etudes_h.html – Les négociations sur la formation. La Branche devient le cadre privilégié de définition des politiques de formation (2005), Jean-Marie Luttringer, Carine Seiler, Circé Consultants, Premières informations – Synthèses, DARES, n° 31.1, Août 2005, 4p. http://www.travail.gouv.fr/etudes/etudes_f.html
if evaluation study is available, describe various characteristics	Objective information on the implementation process.

<p>if evaluation study is available, describe main conclusions</p>	<p>The main result is a good implementation and understanding of the new Law by the social partners. More than 30% of the Branch agreed on more than 20 hours by year.</p> <p>Some of them defined some target: employees under a contract with an indeterminate duration (sale, notaries, cleanliness...), employees under a determinate duration (assurance, hotel/restoration, Syntec...), older workers (agriculture and telecommunications).</p> <p>Other result: the transferability of the DIF (from an enterprise to another in the same Branch or in the same group) was agreed in 40% of the Branch agreements. This point was one of the most discussed during the negotiations before the vote of the Law.</p> <p>The most important issues are:</p> <ul style="list-style-type: none"> - The weak investment of the SMEs (already less represented in the training of employees) and - The absence of specific measures addressed to the low qualified employees.
<p>What (if any) are the main bottlenecks in the implementation of the instrument?</p>	<p>Not available</p>

Annex 2: Aid for the Professional Reintegration of Women

Programme description	Aims at facilitating access to employment, training or business creation by providing beneficiaries with financial support to help them cover the initial cost of childminders for children under age 6.
country	France
name (original)	Aide à la Reprise d'Activité des Femmes - ARAF
name (English)	Aid for the Professional Reintegration of Women
implementation date	July 2000
expiration date	-
goal / objective	Improve the employability of women with financial difficulties by funding the children care.
type of instrument/incentive	Fixed price support for children care
target group	Job seekers with young children
Distribution of direct (out-of-pocket) support costs	public voucher/allowance (45 % State, 55% ESF)
Distribution of indirect support costs	The women/families have to complete the fixed price support
characteristics of training involved	Training in general
executing organisation / implementing body	ANPE
type of training provider	Any agreed, registered or granted by State, Regions or ESF training activities and suppliers.
partners involved (number and type)	9. ANPE 10. Women 11. Equality and parity ministry 12. Regions
Innovativeness	Not available
Statistics (for most recent year available)	
Reference year	2004
expenditures	Around 7.6 M €
output	Around 20 000 ARAF

if targeted at specific groups: extent to which target groups are reached	Targeted financial support designed to allow access to employment, training or business creation opportunities for <i>women at risk</i> .
Information on impact	
Evaluation study available?	Not public publication but annual ANPE report (General Direction)
if evaluation study is available, describe various characteristics	<p>Based on objective information.</p> <p>The 2000-2004 period was assessed. During this period, 68 583 ARAF were attributed in France. In 2003 and in 2004, the support was attributed to around 20 000 women each year. One quarter of the beneficiaries got the Minimum Income for Insertion (RMI). In 2004, the majority of this grant was allocated for allowing training activities (56%), 40% for a return to the job market and 1.25% for creating an enterprise.</p> <p>From a financial point of view, 85% of the budget was used in December 2004. Concerning the regional repartition, the uses of ARAF varied from one region to another (from 66, 63% to 22, 39%).</p>
if evaluation study is available, describe main conclusions	<p>Concerning the regional difference, it can principally be explained by the number of women who are registered in an ANPE agency. The biggest regions (Nord-pas-de-Calais, Ile-de-France...) count more women than smaller. The only one exception in regard to this rule is the Outre-Mer departments in which the financial supports are more well-known by most of the people than elsewhere in France.</p> <p>Concerning the activities repartition funded by this measure, the results can be explained by the characteristics of the target group. The support can be attributed twice with 12 months between both. The women targeted are for the most of them in charge of a mono-parental family and meet big social difficulties: the ARAF represents for them a first step to employment and then training is considered as a prerequisite for most of them. The first attribution is then mainly related to training. Furthermore, the women who have a higher education level and less social and financial difficulties are less involved in an ANPE following (which manages the measure) and then they do not use this support for going back to the job market.</p>

What (if any) are the main bottlenecks in the implementation of the instrument?	Information dissemination on this support is increasing but 15% of the budget was not realized in 2004. Depend on the number of women registration to the ANPE. (Unequal according to the regions).
Is it considered to be a good practice? If so, by who, and why?	Not available

Annex 3: the Training Voucher

Programme description	Individual Training Allowances
country	France – Ile de France Region
name (original)	Chéquier "bureautique" / chéquier "Langues"
name (English)	Training Vouchers
implementation date	1993 - 1991
expiration date	-
goal / objective	Employability or job adaptability support
type of instrument/incentive	Vouchers
target group	Job seekers (but not exclusive)
Distribution of direct (out-of-pocket) training costs	13. regional government 14. individual
Distribution of indirect training costs	-
characteristics of training involved	specific training programmes : foreign languages and Office technologies competencies improvements
executing organisation / implementing body	Regional Selected prescription and evaluation centres
type of training provider	Regional selected training providers
partners involved (number and type)	15. individuals 16. prescription and evaluation centres individual employees 17. Regions 18. training suppliers
Innovativeness	Not available
Statistics (for most recent year available)	
Reference year	2004
expenditures (x 1.000 €)	7 536 149 euros for Language voucher 3 447 089 euros for Office Technologies voucher
output	7 250 trainees for Language voucher 6 500 trainees for Office Technologies voucher

Information on impact	
evaluation study available?	annual regional report
if evaluation study is available, describe various characteristics	Based on objective information. The use of these tools is evaluated: number of person, type of trainings... An impact evaluation will be launched in 2006.
Is it considered to be a good practice? If so, by who, and why?	The Parisian are yet more supported than other IdF people because training suppliers are more important in Paris than in the other departments. However, over the last years, the trend shows a better geographical repartition of the training suppliers and then of the trainees.

The Swedish case study⁶⁷

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1. Introduction

Present developments in Sweden regarding individual allowances for life long learning are at the same time characterised both by stability and rapid change. The financial support to individuals is to a large extent relying on the traditional financial system for aid to students. It is today possible to receive grants and loans for life long learning up to the age of 50. Starting next year the upper age limit will be 54. A long since established organisation for municipal adult education provides most of the services for adult learners at the compulsory and post secondary levels. Another stable factor on the Swedish life long learning scene are the folk high schools.

There are, however, some newly established government agencies providing additional opportunities for life long learning. Examples are, The Swedish Agency of Advanced Vocational Education and The Swedish Agency for Flexible Learning. They play a role laying the ground for local and regional developments characterised by a change from a relatively unitary, tightly state controlled system for adult education to a system of life long learning characterised by much more pluralism and local/regional adaptations. One consequence of this is a growing collaboration at the operative level between firms, municipal schools, folk high schools and higher education in providing life long learning at the local level.

Beside these structures there exists a number of more temporary measures developed as parts of national labour market policies. Recruitment grants have been introduced as a follow up to the Adult education initiative to encourage studies at compulsory and upper secondary level. This grant is available to people aged 25–50 with a short previous education. An enlargement of this initiative has the specific objective to reduce redundancies and provide skills development within healthcare, education and social care.

The proposed Individual Learning Accounts (IKS) was halted in 2004 and at the moment there are no signals about a reopening of this initiative.

At the level of the workplace life long learning is pursued in a more ad hoc manner, supported among others by the European Social Fund programme and also by way

of different collective- and local agreements between the social partners. This provides a vast arena for more short term initiatives where the overview at the moment is quite limited.

Conciliation support in the Swedish context is above all based upon institutional structures for childcare, paternal leave, etc. and together this provides a net of welfare society measures to bridge the gap between the requirements of work and family. Basically these measures fall outside the purpose of the present paper. February this year, however, a sabbatical year system was established which gives an employee the possibility to take a one-year leave of absence and in the meantime be replaced by somebody unemployed. The stated objective of this reform is to give the employee a chance for competence development, recreation and other sorts off personal development.

2. Life long learning and individual allowances: the legislative framework

Education throughout the national education system in Sweden is free of charge for the individual. There also exist an Employee's Right to Educational Leave by which an employee in public or private service, who wishes to undergo education is entitled to the necessary leave. The right to educational leave is open for employees who have been in the employ of the actual employer during the preceding six months, or for a total of at least twelve months during the preceding two years.

A number of laws and ordinances regulate both the possibilities for individual allowances for life long learning and the provision of the education. For the individual probably the most important resource is the national system for financial aid to students. The Swedish national board of student aid (CSN) allocates student aid and recruitment grants nationwide. This activity is primarily regulated by two laws (Studiestödslag 1999:1395) and (Lag 2002:624 om rekryteringsbidrag till vuxenstuderande).

Schools in Sweden fall under the responsibility of the municipalities. They are also responsible for the organisation of Municipal adult education. This is regulated primarily by one law (Skollagen 1985:1100) and two ordinances (Förordning 2002:398 om statligt stöd för utbildning av vuxna) and (Förordning 2002:1012 om kommunal vuxenutbildning).

Regulations for the new agencies involved in life long learning are: For Advanced Vocational Education one law and one ordinance (Lag 200:239 om kvalificerad yrkesutbildning) and (Förordning 2001:1131 om kvalificerad yrkesutbildning). The Swedish agency for flexible learning is regulated by two ordinances (Förordning 2001:1201 med instruktioner för Nationellt centrum för flexibelt lärande) and (Förordning 2002:1013 om utbildning vid Nationellt centrum för flexibelt lärande).

The Folk high schools and Popular education organisations are primarily regulated by one ordinance (Förordning 1991:977 om statsbidrag till folkbildningen).

The sabbatical year system is based on one ordinance (Förordningen 2001:1300 om friåret.)

The activities related to the Recruitment grants and the Extended recruitment grants are regulated by one law, one ordinance and one government bill (Lag 2002:624 om rekryteringsbidrag till vuxenstuderande), (Förordning 2002:744 om rekryteringsbidrag till vuxenstuderande) and (Proposition 2003/04:138 om tillfälligt vidgad användning av rekryteringsbidrag till vuxenstuderande)

The Swedish ESF council is regulated both by European law and by Swedish ordinances and instructions. In addition to European laws and ordinances the Swedish programme is regulated by two national ordinances (Förordning (1999:1424) om förvaltning av EG:s strukturfonder) and (Förordning (2000:1212) med instruktion för Rådet för Europeiska socialfonden i Sverige.)

Recent trends and developments

After a period of hesitancy the government finally decided in 2004 not to implement the proposed scheme for Individual learning accounts. In its place new labour market programmes for recruitment grants and educational needs in healthcare, education and social care were expanded. The sabbatical year system has been established after a two-year trial period. The study support system is also expanding providing student allowances for a wider group of students involved in adult education. The age groups entitled to student grants will be enlarged next year. Generally there is a growing focus on life long learning. There is also a government bill for a new Adult education act planned for next year.

3. Typologies of individual allowances

Under this heading I will focus on what I regard as the three major types of individual allowances with special relevance for the adult learner and life long learning. I will also give some information on the Sabbatical year system. This programme is not primarily targeting education or life long learning but it seems to me to be relevant for a discussion of "conciliation" services. According to recent evaluations made 22% of the people on sabbatical leave chose to involve themselves in educational activities. There is also a brief reference to "ad hoc" measures, meaning local initiatives at the workplace level. I regard this category important in a typology of individual allowances but as aforementioned I am at the present not in the position to be able to present an overview.

Temporary measures

Recruitment grants

There is a tradition in Sweden for developing temporary measures for adult education and training in relation to labour market needs and -policy. During recent years the Adult Education Initiative (AEI) has been the largest adult education investment initiative ever undertaken in Sweden. After its termination it has been succeeded by the Recruitment grants recently enlarged to education and training in the sectors of healthcare, education and social care. The recruitment grant is directed at individuals with a short basic or upper secondary education or risking to become unemployed. Municipal authorities make the final selection. The

recruitment grants are handled in a close collaboration between the Swedish National Board of Student Aid and the municipalities.

Extended recruitment grants

This is an extension of the above mentioned recruitment grant targeting employees in healthcare, education and social care. The programme gives the participants an opportunity to combine work and half-time studies. Employers from local and regional authorities make the selection of participants.

Individual financial allowances for students

This makes possible a wide choice of educational opportunities from traditional educational organisations such as Municipal adult education and Folk high schools. It also gives access to new adult education agencies such as Advanced vocational education and Flexible learning. The application is an individual choice.

The sabbatical year system

Anyone can in principle apply for this allowance. The decision rests with the employer and the Public employment service.

Ad hoc measures

Support from the ESF programme creates opportunities for life long learning. The actual process varies, however, depending on employer initiatives, collective agreements and the like.

4. Eligibility criteria for individual allowances and financial support

The following individual allowances are publicly funded.

Temporary measures

Recruitment grants

Primarily the municipalities determine eligibility. The major criteria are if the applicant has received little previous education and/or if he/she runs the risk of becoming unemployed. This will be determined by the local municipal adult education counselling service. Other criteria are related to age. The applicants shall be between 25 and 50. (From the 1st of July 2006 the upper age limit will be 54.) The grant can be obtained for a maximum of 50 weeks. It can be used for basic and upper secondary education, organised either by folk high schools or the Municipal adult education.

Extended recruitment grants

The programme is limited to employees in healthcare, education and social care within municipalities and county councils. The age limit is 25-55 and the programme is operative during 2004 and 2005. It provides for 6000 places distributed between the Swedish municipalities and county councils. The maximum period covered by the grant is 40 weeks. It covers the cost for half time studies at a basic-, upper secondary-, post secondary- or higher education level. The objective is to lower the risk for layoffs in the municipalities and county councils.

Individual financial allowances for students – grants and loans

The financial support for students consists of two parts, a grant and a loan. The support can run from 40 up to 240 weeks depending what type of education is involved. Eligible students are from the age of 20 and up to of 50. Also here there will be a an improvement for older students and the possibility to get loans/grants will be extend to the age of 54, starting July next year. There is also a higher grant for students older than 25 and the possibility to apply for supplementary grants and loans for those above the age of 25. From the 1st of January 2006, there will be a

possibility to receive an additional grant for students with children. For adult students the state system for study grants and loans can cover compulsory and upper-secondary education within the system for Municipal adult education and in Folk high schools. It covers higher educations well. Included are also other types of post-secondary education and advanced vocational education. None of these measures directly involve the employer. It provides financial aid to the individual student during the time of studies.

The sabbatical year system

This gives an employee the possibility to take a leave from 3 and up to 12 months. During the leave he/she will receive a compensation equal to 85% of the unemployment benefit. Another person, registered at the Public employment office is required to replace the person on leave. This of course requires the consent of the employer. During 2005 the expected number of "full year places" is 12 000 per month. The stated objective is to give the person on sabbatical an opportunity to education, recreation or other forms for personal development. For the person replacing him the aim is to improve their position on the labour market.

5. The supply of training, education or "conciliation" services

The provision for life long learning in Sweden rests on four pillars. Two of them are traditional providers that have been around for quite some time now. One is a growing system of local/regional networks for life long learning that are primarily financed over the state budget. One consists of ad hoc providers for training and education.

Traditional providers – Municipal adult education and Folk high schools

There is a strong continuity in the system for municipal adult education. This education has a history that goes back to 1968 and supplies the training for most basic and upper-secondary education. The strong continuity is also characteristic for the popular education and the folk High Schools. Their history goes back even longer, more than 100 years. Today there are 148 Folk high schools in Sweden. There are also 11 different study associations who above all provide shorter courses.

The new networks

When we come to the newer providers of life-long learning there exist at the moment a wide spectre of networks based on partnerships that can include different combinations of private educational enterprises, municipal schools, departments from universities, individual consultants etc. who unite in an effort to satisfy special sometimes unique local/regional needs. The Advanced vocational education presents many examples of this. New forms of delivery are also tried out in this context for example by The Swedish Agency for Flexible learning. Local learning centres is one way of combining distance education with direct collaboration in small groups between fellow students living close to each other. Another major actor on the life long learning scene is Lernia, the biggest market driven and labour market oriented educational organisation in Sweden. The exiting thing about present developments is that these networks often create new solutions to educational needs perceived at the micro level. In the networks we find an adaptation to a mix of state controlled steering instruments, locally and regionally defined objectives for training and education and individual needs from the students who chose to invest in life long learning. They are being commissioned through the use of measures presented above. It should be stressed that all courses and programmes developed by such networks have to be accredited by the responsible agencies. (See part 6 below.)

Provision of training and education ad hoc

The ESF is part of a complex set of measures related to both regional and labour market policies in Sweden. The most relevant part is the objective 3 program, which aims to contribute to speeding up change and renewal within working life. Objective 3 comprises the whole labour market, i.e. companies, single entrepreneurs, public sector and organizations. It is intended to create additional empowerment to both employees and unemployed as well as to single entrepreneurs. The programme is targeting several different groups: Employed, unemployed and long term sick-listed. It is financing projects the fields of ethnic integration, sexual equality and the social economy. After 2004 the objective 3 programme is also focusing health problems related to working life and contributing to the governments policy to reduce the number of sick-listed by half.

From it's start in the year 2000 and up to July 2005 it is estimated that 838 000

persons or 18 percent of the labour force has participated in objective 3 projects.⁶⁸ The total cost for ESF projects during 2004 was 1 602 289 000 SEK. The estimated costs for 2005 is 1 588 030 000 SEK and the proposed budget for 2006 is 1 959 560 000 SEK. (This also includes the EQUAL programme.)

The implementation of the ESF programme has to a certain extent an ad hoc character and the life long learning aspects are influenced both by the initiatives of individual employers and by regional differences in the implementation of the programme. The present organisation is under scrutiny and in November this year an official report was presented proposing a new organisation for the period 2007 – 2013. One of the criticisms presented was the complexity of the present organisation.⁶⁹

Training and education related to ESF projects are to a large extent provided by organisations mentioned above, but also by individual consultants and different market driven educational institutions. Many of the courses, however, are not accredited in the way the publicly financed are.

6. Managing and control systems

The Swedish National Board of Student Aid (CSN).

The Swedish National Board of Student Aid (CSN) is the national authority that handles the Swedish financial aid for students; i.e. loan and grant for studies. The board also handles the recruitment grant.

⁶⁸ From the Budget Bill for 2006: (Förslag till statsbudget för 2006, Arbetsmarknad. PROP. 2005/06:1. UTGIFTSOMRÅDE 13.)

⁶⁹ Official report (Stärkt konkurrenskraft och sysselsättning i en ny geografi – en samlad förvaltning med politisk styrning. Delbetänkande av Organisationsutredningen för regional tillväxt. SOU 2005:93. Stockholm 2005.)

The Swedish National Agency for Education

The Swedish National Agency for Education is the central administrative authority for the Swedish public school system for children, young people and adults.

The Swedish Agency of Advanced Vocational Education

The responsibilities of the Agency are to draw up guidelines and contribute to development, approve applications, to make grants and to supervise and follow up the courses.

The Swedish National Council of Adult Education

The Swedish National Council of Adult Education is entrusted by the government and parliament to distribute grants to the study associations and folk high schools, submit budget and fiscal reports, follow up and evaluate the popular education activities, and administer the Popular Education Net, a digital platform for learning and conferences.

The Council was founded in 1991 as a non-profit organization with three members: The National Federation of Study Associations, The Federation of County Councils, and The Interest Organization for Popular Movement Folk High Schools (RIO).

The National Labour Market Board

The central authority of the Swedish Labour Market Administration (Arbetsmarknadsverket - AMV) is the National Labour Market Board (Arbetsmarknadsstyrelsen - AMS). In each of Sweden's 21 counties there is a County Labour Board (Länsarbetsnämnden - Lan), to which the Public Employment Services (Arbetsförmedlingar - Af) are responsible. On the isle of Gotland, the County Labour Board has been incorporated in the County Administration Board (Länsstyrelsen).

The Swedish Labour Market Administration has the task of translating Swedish labour market policy into practice.

The Swedish ESF Council

The Swedish ESF Council is the authority responsible for the implementation of the programs Objective 3 and Equal, which are in effect for the period 2000 to 2006. This work is conducted in close co-operation with the organizations of the labour market and other interest groups. For that reason there are partnerships at the national level as well as the regional level which actively promote and monitor the programs.

The purpose of the Council's work is to strengthen the individual's positions in working life, and hence contribute to increased employment and growth. The Council consists of a central office and regional offices in the administrative provinces of Sweden.

7. Results from existing evaluation studies

Some of the life long learning initiatives described in the previous pages relates to large and well-established national institutions. It therefore exists a vast evaluation material. I have chosen to refer to three examples of evaluation studies concerning the Enlarged recruitment grants, the Advanced vocational training initiative and the Sabbatical year. The evaluation of the advanced recruitment grant has been made by the Swedish National Agency for Education and the two others by IFAU – The institute for labour market policy evaluation (A research institute under the Swedish Ministry of Industry, Employment and Communications).

The recruitment grant

Commenting upon the enlarged recruitment grants the the Swedish National Agency for Education give some evidence about local experience in the municipalities. Here one state among other things that the introduction of the grant was characterized by a very slow start; that the number of places were too few to have any effect on the layoffs they had experienced; that the administration was too big; that the number of places were too few to motivate the marketing/recruitment for the programme; that the economic levels were too low to attract students; that some potential participants had been denied grants on account of their high age; that the time perspective had been too short. A few municipalities, however, gave positive comments stating that a local dialogue had started in order to avoid layoffs in the future; that staff from the municipal

administration had been able to participate and in this way increased their employability; that people employed on a part-time or hourly base had had the possibility to increase their employability. The last examples shows according to the evaluators that the recruitment grant helped in avoiding future unemployment for the municipal staff.⁷⁰

Advanced vocational education

2000 and 2003. More than 80% of those finishing an Advanced vocational education have got a job or started up a business of his/her own. It is especially students aged 25 and above that have been able to establish themselves on the labour market. More than 8% choose to proceed to higher education. 10% are still without jobs. Of the students 80% had the opinion that they had been able to find a job within the sector they had been trained for. One third of the respondents third meant that the education hadn't contributed to better salaries.⁷¹

The sabbatical year system

The latest evaluation studies show that employees on a sabbatical leave receive lower wages when they return to work compared to those that have remained on their jobs. The sabbatical doesn't affect the leave of absence due to illness but it can lead to an earlier retirement at a lower age. Those that are replacing the regular staff strengthens their position on the labour market due to their temporary jobs.⁷²

⁷⁰ Redovisning av uppdrag om vidgad användning av rekryteringsbidrag till vuxenstuderande hösten 2004. Skolverket. Utbildningsdepartementet 2005-05-10. Dnr 2004:2414, pp 29-30).

⁷¹ Lindell Mats, 2004, Erfarenheter av utbildningsreformen Kvalificerad yrkesutbildning: ett arbetsmarknadsperspektiv. RAPPORT 2004:2. IFAU – The institute for labour market policy evaluation. Uppsala (<http://www.ifau.se/upload/pdf/se/2004/r04-02.pdf>).

⁷² Friårets arbetsmarknadseffekter1. Linus Lindqvist, Laura Larsson och Oskar Nordström Skans 2005-06-29. RAPPORT 2005:10.

This report is based on two working papers in English:

“Causal effects of subsidized career breaks”. Oskar Nordström Skans, Linus Lindqvist. WORKING PAPER 2005:17. (<http://www.ifau.se/upload/pdf/se/2005/wp05-17.pdf>) and “Stepping-stones or dead-ends? An analysis of Swedish replacement contracts”. Laura Larsson, Linus Lindqvist, Oskar Nordström Skans. WORKING PAPER 2005:18. (<http://www.ifau.se/upload/pdf/se/2005/wp05-18.pdf>).

8. Strength and weakness

There exist an embedded and robust study financial system for individual allowances in Sweden. It has been there since the mid 60's and successfully adapted to many changes in the educational markets. There is also a long history of active labour market policies and this plays an important role for the implementation of different temporary measures for life long learning. A more recent story is that of local and regional adaptations to educational needs for life long learning. Local networks of educational providers collaborate in innovative ways, often in dialogue with both public and private employers. New government agencies are opening up the field for this. There is also a growing importance for new educational technologies, for example distance learning and all major providers of life long learning are rapidly developing their skills web-based pedagogies. There is also an increasing collaboration between private- and public sectors in defining the educational needs and also an increasing collaboration between the educational providers who develop and run courses in collaboration.

Sweden, however, never to fulfil the expectations put upon the individual learning accounts. Present developments related to these ideas seem to be on the defensive. The original idea was that this reform should be put before the parliament during 2003, but the social democratic government halted the process and in September 2004 there was a decision not to include the reform in the government's budget. At the moment there are no indications of a future for an ILA programme. A forerunner to the government's ILA programme was an initiative by the finance company Skandia to introduce a so called "competence insurance". This initiative goes back to 1999 when the company launched this as a private insurance scheme related to both individual and corporate needs. The competence Insurance package allowed employees to save part of their annual salary towards the costs of learning. These savings were then matched by the company and could be used for learning that has been chosen by the individual employee. Due to a lot of turbulence around the company during the last years several changes have taken place and in February 2003 a merger of functions within Skandia resulted in the formation of IC Community AB which now has responsibility for the development and roll out of the Competence Insurance. It has not, however, been possible to

find any easy accessible information regarding to the present developments. It seems that at the moment we here have two failed major initiatives for individual learning accounts.

In this concluding remark it could also be appropriate to comment somewhat on a linguistic problem related to the term "Voucher". Since 1992 Sweden has had a public school choice system that, in the international discussion, normally is referred to as a "school voucher system". A political reform in the beginning of the 90's made it possible to establish independent schools primarily within the compulsory school system. This made possible a free choice of schools for parents and pupils. This is the context for the concept of "educational voucher". However, there exists no linguistic construction whatsoever in Swedish resembling the English term. Of course there are words in our language equivalent to the British one, but in these cases the meaning is very similar to normal English usage, "a small printed piece of paper that entitles the holder to a discount, or that may be exchanged for goods or services." But there are no such things as receipts, coupons, slips or whatever in the Swedish educational system. Normally, a school voucher in the international discussion has a wider meaning: "A tax-funded education voucher in the broadest sense is a payment made by the government to a school chosen by the parent of the child being educated. (West 1997, p 83 – The World bank Research Observer; Feb 1997;12,1; ABI/INFORM Global). This could possibly be applied to some of the educational initiatives that I have touched upon in this paper, but it would probably only create misunderstandings to introduce concepts that has no everyday connotations. It might, however, be important to mention that our system of independent schools is under intensive political debate at the moment. One criticism is that the municipalities are losing their influence over the schools, which they at the same time have to finance over the tax system.

Problems also apply also to the introduction of the Sabbatical year system. Initially there seemed to be a growing interest for this type of conciliation, but lately there has been reports in the press that there now are about 6 000 places not being used. The programme has also been criticised by representatives of the public employment service and there is a growing political debate about the future of the system. More remains to be done in order to analyse the upcoming situation and most of the relevant developments have taken place during the very last months.

9. Lessons learned – current debate

Much trust is put into the traditional systems for individual allowances which is being developed in the direction to cover more and more of the needs of the life long learning sector. There is still, however, an unfulfilled need for an individualised system, which was supposed to be met by the IKS, reform. It should be noted that in the debate there exists a conflict between an underlying value system stressing a social justice dimension in life long learning and a more neo liberal point of view stressing the autonomy of the individual.

Why has the ILA project not been realised yet?

Generally speaking lots of sympathy and support has been expressed for the IKS proposal. It has been said that Sweden need an individualised system to finance life long learning and that IKS was the most promising initiative so far. This means that it still has many advocates. Behind the cancellation there were, however, a number of arguments related to variety of different problems.

When the initial proposal for the IKS initially was sent to a number of public authorities and organisations for consideration, questions were raised related to its congruence with the taxation system and the possibilities to deduct the costs, both for employers and employees. It was pointed out that new laws had to be introduced and generally that it was difficult to get an overview of all the legal consequences of the reform. Much of this was probably sorted out during the subsequent discussions, but there remained legal questions and questions about taxation related to the programme. Another unclear point, also of a more technical nature that was mentioned was related to which study programmes could be accredited.

Another problem voiced related to social justice. The proposed system relied on the individual's capacity to save up money. The Swedish Trade Union Confederation (LO) repeatedly stressed the fact that people from low-income groups lacked the margins in their private economy to participate. However the LO were not opposed to the IKS model as such.

During the final discussions a problem mentioned in the IKS debate was related to EU law. It was pointed out that the creation of a special public authority that had the responsibility to administer the funds that would accumulate could be regarded as an obstacle to free competition within the field.

One must also consider that one factor behind the cancellation of the IKS reform probably was pure political. Sweden has since the latest election had a minority social democratic government relying on the support of two smaller parties. The IKS probably played a role in negotiating a budget that could have the support of all these parties.

It should also be mentioned that a long period of indecision probably had negative consequences for the similar private initiatives, especially for Scandia's competence insurance.

The temporal measures

As I mentioned above, in the Swedish debate about education and also life long learning, there is always present a dimension related to social justice. From this point of view there exists a very positive attitude towards for example the Adult Education Initiative and its followers the Recruitment Grants. It gives people with a short or incomplete education the possibilities to acquire a complete education and an exam later in life.⁷³

One critique has been that the level of economic support from the student aid system has been too low to compensate for income losses and that this has made life long learning problematic for adult learners. Historically the loans and grants

⁷³ An evaluation of the Adult Education Initiative has been made and is available as a doctoral dissertation from Umeå University: Stenberg, Anders, 2003, An Evaluation of the Adult Education Initiative Relative Labour Market Training. Umeå Economic Studies No 609. Materials can be download from: <http://www.econ.umu.se/ues/ues609.html>).

from the student aid system primarily have been adapted to young people in higher education. It has not to the same extent been targeting adult learners. Important changes are, however, taking place. A positive development is that the student aid system now is being enlarged also to cover groups of older students (up to the age of 54) and to provide additional support to families. At the same time younger students can express feelings of being in a sense discriminated against since grants and allowances are better for people involved in life long learning.

One critique against the Adult Education Initiative was that it helped to hide negative unemployment figures. At the same time the preliminary experiences of the present Extended Recruitment Grants is that it has a positive function during redundancies and that it provides a possibility for learning among older people and a chance to stay on their jobs.

The sabbatical year

The sabbatical year does not seem to have worked the way that was initially expected. The first reactions during the pilot phase gave a number of positive impressions, which in a way defined the situation when the programme was implemented at the beginning of this year. There seems, however, to have developed serious criticisms against the programme during the last 6 months although experiences vary from different part of the country and from different municipalities. The Trade Union Confederation (LO) states that the Public Employment Service should focus on providing work for unemployed and not waste resources on providing sabbaticals for people already employed. There seems to be an unresolved conflict between the wishes and expectations of the employers and employees on the one hand and the Public Employment Service on the other. The latter has to work from a set off rules that stress the importance of finding work for those that are regarded as most distanced from the labour market. The employers on the other hand want to replace their ordinary staff with the most skilled and experienced persons they can find. Sometimes these principles come into conflict.

Also from within the social democratic party there has emerged a critique that came into the fore during a recent party congress. The Sabbatical year was,

however, defended by the responsible minister who pointed at agreements reached in negotiations with the supporting parties.

Annex

Programme description	
country	Sweden
name (original)	Utökat rekryteringsbidrag för kombinationsstudier
name (English)	Extended recruitment grants
implementation date	2004
expiration date	2005
goal / objective	To counteract unemployment and increase employability among groups from healthcare, education and social care.
type of instrument/incentive	Temporary labour market policy. Individual grants provided by the Swedish national board of student aid for half-time studies in combination with 50% employment.
target group	Persons in municipal and county council employment from healthcare, education and social care
distribution of direct (out-of-pocket) training costs	The financing of the programme is covered by grants administered by the Swedish national board of student aid (CSN)
distribution of indirect training costs	The employees participate on the basis of a 50% leave of absence.
characteristics of training involved	The instrument is primarily aimed at programmes in Municipal adult education or higher education.
executing organisation / implementing body	The Swedish national board of student aid (CSN) Norra Tjörngatan 2 851 82 Sundsvall Fax: 060-18 61 93
type of training provider	Municipal adult education and higher education, universities
partners involved (number and type)	Municipalities, county councils and the National board of student aid.
Innovativeness	
Statistics (for most recent year available)	For the period 2004 – 2005 6000 places are available. Out of these 3000 can be used for higher education.
reference year	
expenditures (x 1.000 €)	
output	
if targeted at specific groups: extent to which target groups are reached	
Information on impact	
evaluation study available?	One made by the Swedish National Agency for Education: Redovisning av uppdrag om vidgad användning av rekryteringsbidrag till vuxenstuderande hösten 2004. Skolverket. Utbildningsdepartementet 2005-05-10. Dnr 2004:2414
if evaluation study is available, describe various characteristics	The study is focusing the situation during autumn 2004 and covers the start up of the programme.
if evaluation study is available, describe main conclusions	The quantitative data covers only the initial months but some qualitative data reflects both the problems and the possibilities from the point of view of the participating municipalities. These are referred to in the previous text.
what (if any) are the main bottlenecks in the implementation of the instrument?	
is it considered to be a good practice? If so, by who, and why?	Still no clear opinion regarding this programme.

Programme description	
country	Sweden
name (original)	Kvalificerad yrkesutbildning - KY
name (English)	Advanced Vocational Education - AVE
implementation date	A pilot project involving advanced vocational education and Training was carried out 1996-2001 The Swedish Agency of Advanced Vocational Education was formed in 2002.
expiration date	AVE is now a regular form for education. No expiration date.
goal / objective	AVE is a form of post-secondary education designed and carried out in close co-operation with workplaces. The courses are based on a close co-operation between enterprises and various course providers (higher education, upper secondary schools, municipal adult education and companies). The courses that receive the Agency's approval are intended to correspond to real needs in the employment market.
type of instrument/incentive	The participants are entitled to financial aid for students (loans and grants) in the same way as students in higher education.
target group	The enrolment in a course is primarily based on an individual choice, but it could also be developed in dialogue with the present employer. Both public and private employers are targeted and involved A stated objective for AVE training is that there is an explicit need for the skills and competences trained for on the labour market. This means that individual students involving themselves in the courses see it as a means for enhancing their present career or for the upstart of a new one. There must also exist a clear need for the skills and competences acquired during the AVE programmes.
distribution of direct (out-of-pocket) training costs	Advanced Vocational Education finance the different programmes. The students apply for grants/loans from The Swedish national board of student aid (CSN)
distribution of indirect training costs	No indirect costs are being paid.
characteristics of training involved	The education period can vary from 1 to 3 years. In total there existed in 2004 approximately 400 courses all over Sweden. The courses that receive approval are intended to correspond to real needs in the employment market. However, there are no restrictions in terms of sector on the enterprises in which AVT is to be provided. The courses will be open both to individuals coming directly from upper secondary school and to people who are already employed and wish to develop their skills within a defined area. There are for example at the moment courses in, engineering, trade and tourism, agriculture or forestry and the forest industry, information technology and health care.
executing organisation / implementing body	Myndigheten för kvalificerad yrkesutbildning Järnvägsg. 3A, SE 281 31 Hässleholm E-post: ky@ky.se Tfn: 0451-454 80 Fax: 0451-454 99

type of training provider	<p>The courses are based on close co-operation between enterprises and various course providers (higher education, upper secondary schools, municipal adult education and companies). In 2004 the responsible providers came from the following educational institutions:</p> <table> <tr> <td>Higher education</td> <td>8</td> </tr> <tr> <td>Municipalities</td> <td>107</td> </tr> <tr> <td>Private companies</td> <td>74</td> </tr> <tr> <td>Others</td> <td>22</td> </tr> <tr> <td>Total</td> <td>211</td> </tr> </table>	Higher education	8	Municipalities	107	Private companies	74	Others	22	Total	211
Higher education	8										
Municipalities	107										
Private companies	74										
Others	22										
Total	211										
partners involved (number and type)	<p>The AVT courses are structured around local partnerships consisting of individual employers, employer organisations, unions, and training institutes. Students are also represented in these groups.</p> <p>In the central steering committee the partnership was as follows:</p> <table> <tr> <td>Employers from the public sector</td> <td>24</td> </tr> <tr> <td>Employers from the private sector</td> <td>56</td> </tr> <tr> <td>Trade unions representatives</td> <td>4</td> </tr> <tr> <td>Sector or other interest organisations</td> <td>10</td> </tr> <tr> <td>Consultants</td> <td>6</td> </tr> </table>	Employers from the public sector	24	Employers from the private sector	56	Trade unions representatives	4	Sector or other interest organisations	10	Consultants	6
Employers from the public sector	24										
Employers from the private sector	56										
Trade unions representatives	4										
Sector or other interest organisations	10										
Consultants	6										
innovativeness	There is a close collaboration between companies, public sector employers and providers of education. There is also an opening for a new strategy to integrate higher education in an advanced vocational training.										
Statistics (for most recent year available)											
reference year	2004										
expenditures (x 1.000 €)											
output	<p>The idea is to reach a total capacity of about 12 500 places.</p> <p>Number of applications in 2004 was 22 564</p> <p>The number of new accepted students 2004 was 7 958</p> <p>The number of applying organisations or establishments in 2004 was 100.</p>										
if targeted at specific groups: extent to which target groups are reached											
Information on impact											
evaluation study available?	There is one study from the institute for labour market policy evaluation (A research institute under the Swedish Ministry of Industry, Employment and Communications: Lindell Mats, 2004, Erfarenheter av utbildningsreformen Kvalificerad yrkesutbildning: ett arbetsmarknadsperspektiv. RAPPORT 2004:2. IFAU – The institute for labour market policy evaluation. Uppsala										
if evaluation study is available, describe various characteristics	The study is based on three questionnaires from the years 1999, 2000 and 2001 with 5500 students that had finished the programme.										
if evaluation study is available, describe main conclusions	The report from IFAU shows that 80 % of those that have finished an Advanced Vocational Education AVE have been employed or started up their own companies. At the same time studies shows that 8 % of the participants goes on to university studies. 10 % remains unemployed.										
what (if any) are the main bottlenecks in the implementation of the instrument?											
is it considered to be a good practice? If so, by who, and why?											

Programme description	
country	Sweden
name (original)	Friåret
name (English)	The sabbatical year system
implementation date	A pilot project was carried out in 12 municipalities during 2002-2004. Since January 2005 the programme is implemented in the whole country.
expiration date	No expiration date
goal / objective	The two main objectives are 1) to give the employee an opportunity for competence development, recreation or other sorts of personal development and 2) to give an unemployed a chance to strengthen his/hers position on the labour market.
type of instrument/incentive	The employee will receive a compensation equal to 85% of the normal unemployment benefit
target group	There is no designated target group - employees generally.
distribution of direct (out-of-pocket) training costs	The reform is managed by the Public employment service.
distribution of indirect training costs	The replacing worker is paid by the Public employment service.
characteristics of training involved	According to studies made 22% of the employees on sabbatical leave participated in educational programmes.
executing organisation / implementing body	The Swedish labour market administration (AMV) Arbetsmarknadsstyrelsen Phn: +46-8-5860 6000, Fax: +46-8-5860 6499 Visit: Vattugatan 17 Mail: SE-113 99 Stockholm, Sweden
type of training provider	No specific training provider
partners involved (number and type)	The employer The employee The public employment service
innovativeness	No clear opinion about the innovativeness.
Statistics (for most recent year available)	For this year, 2005, 12000 places are available.
reference year	
expenditures (x 1.000 €)	
output	
if targeted at specific groups: extent to which target groups are reached	No specific groups are targeted.
Information on impact	
evaluation study available?	Causal effects of subsidized career breaks. Oskar Nordström Skans, Linus Lindqvist. WORKING PAPER 2005:17. (http://www.ifau.se/upload/pdf/se/2005/wp05-17.pdf) and Stepping-stones or dead-ends? An analysis of Swedish replacement contracts. Laura Larsson, Linus Lindqvist, Oskar Nordström Skans. WORKING PAPER 2005:18. (http://www.ifau.se/upload/pdf/se/2005/wp05-18.pdf)
if evaluation study is available, describe various characteristics	The evaluation study focuses on the pilot period 2002-2004

if evaluation study is available, describe main conclusions	The study is primarily focusing on the labour market effects of the sabbatical year system
what (if any) are the main bottlenecks in the implementation of the instrument?	
is it considered to be a good practice? If so, by who, and why?	The opinions about the programme are divided.

The UK Case Studies⁷⁴

Individual Learning Accounts

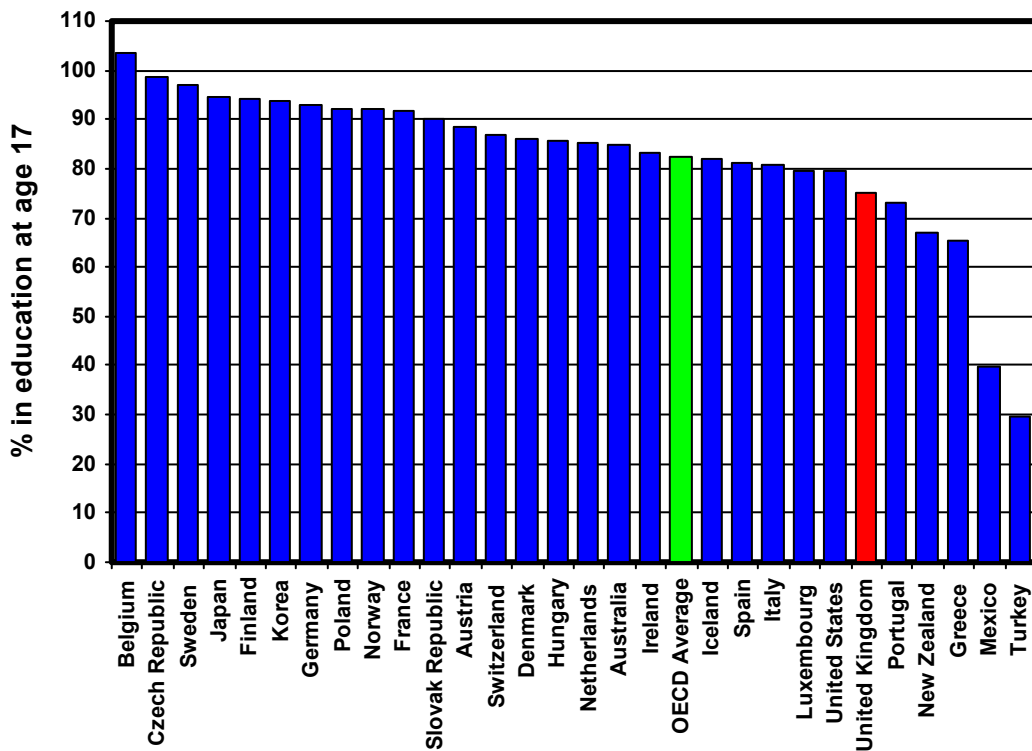
Education Maintenance Allowances

⁷⁴ Anna Vignoles (Institute of Education, University of London)

1. Introduction

Educational reform in the UK has been extensive in recent decades, and has been particularly focused on raising the skill levels of individuals who drop out of the education system at the compulsory schooling age of 16, with little in the way of qualifications or skill. As Figure 1 shows, the UK has a particular problem with a large proportion of its young people leaving school at age 16, as compared to other OECD countries. In 2003, 75% of young people in the UK were in full time education, as compared to 83% for the OECD as a whole, and much higher proportions for countries such as Germany, France and Japan.

Figure 1: OECD participation in education at 17 in 2003



Source: OECD, 'Education at a Glance 2005'

There have been two main directions for policy to tackle this problem. Firstly, there have been a number of initiatives to raise standards in schools, to ensure that individuals who do leave the school system at age 16 at least leave with a minimum level of skill. These initiatives include greater accountability and market oriented reform of the schooling system, as well as curriculum reform (Machin and Vignoles,

2005⁷⁵). The second policy thrust has been to encourage individuals to spend more time in education, either by persuading them to stay on in school past the age of 16 or by enabling them to return to education and training later in life. In this report we focus on the second of these policy areas, reviewing two major UK initiatives designed to encourage individuals to spend more time in education and training. The first initiative was designed to help individuals to return to education and training later in life by providing some subsidies for their learning in the form of *Individual Learning Accounts (ILA)*. The second initiative involves a subsidy to encourage young people to remain in school past the compulsory school leaving age, known as the *Education Maintenance Allowance Scheme (EMA)*.

The ILA and the EMA initiatives are obviously targeted at different groups. ILAs were designed to help adults return to learning. Any individual over the age of 19 could set up an ILA, although they were targeted at low income and low qualified individuals who had not done learning for some time. By contrast, the EMA is focused on young people age 16-19, from relatively deprived backgrounds, who are contemplating dropping out of school. The EMA offers a subsidy targeted at this specific group, with the intention of encouraging them to remain in full time education. Both initiatives share a common premise however, namely that relatively small levels of subsidy can be used to encourage individuals to return to or continue learning. Another distinguishing characteristic of these two initiatives is that they are targeted at under achievers and lower socio-economic groups. Thus the ILA was marketed towards individuals who had no qualifications (or very low level ones) and who had not done learning for sometime. The EMA is only provided to young people from lower income families specifically. This targeted approach contrasts with more general attempts to introduce subsidies for learning in the UK, such as the UK *Career Development Loans* scheme, which enabled adults to borrow funds (at subsidised interest rates) to pay for courses and training.

Comparing the effectiveness of the two initiatives is also informative since they have had hugely different levels of success. On the face of it both schemes were hugely popular. In the case of the ILA scheme, it was introduced in 2000 and uptake of the scheme was considerably higher than was anticipated. However, the scheme was promptly shut down the following year, amid accusations that the policy had been poorly conceived, badly designed, and that there had been

⁷⁵ Machin, S. and Vignoles, A. (2005) *What's the Good of Education?: The Economics of Education in the UK*, Princeton University Press: Princeton and Oxford.

extensive fraud causing a large financial loss to the government. By contrast however, EMAs were introduced on a pilot basis in 1999, were fully and robustly evaluated and have subsequently been extended nationwide. EMAs have also been popular, with high take up amongst the targeted group. They are still going strong today, and the evidence to date suggests that they are likely to have some success in raising the educational participation rate of 16-19 year olds in the UK.

The report therefore starts in the next section with the ILA case study, before moving on to discuss EMAs in section 3. Some conclusions and comparisons between the two schemes are drawn in section 4. Key characteristics of the ILA and EMA schemes are summarised in Annexes 1 and 3.

2. Individual Learning Accounts

2.1 Introduction

Individual Learning Accounts were introduced in England in 2000, and in Northern Ireland and Scotland shortly afterwards. The policy objective of ILAs was to provide subsidies for learning, in order to widen participation in learning and help individuals overcome financial barriers to learning. ILAs were also supposed to provide a means for individuals to invest their own funds in their own learning, and by implication take responsibility for their learning needs. Although all individuals resident in the UK and aged 19 or over could register to have an ILA, the marketing for the ILA accounts was targeted at specific groups, including low qualified workers and individuals who had not done learning for some time; self employed, women returning to work, non-professional school staff and ethnic minorities⁷⁶. Individuals were required to contribute towards the costs of their training and the amount of the contribution differed according to the discount that the person was eligible for. The accounts offered three main forms of subsidy for individuals' training, as is discussed in detail below. ILAs were therefore virtual accounts with direct government subsidies for training, rather than simply a means to provide a tax break for those wishing to invest in their own training. There was also an upper limit on the total discounts claimable.

⁷⁶ Individual Learning Accounts, Report by the Comptroller and Auditor General, HC1235, Session 2001-2002: 25 October 2002, National Audit Office.

ILAs were initially very successful, if success is measured in terms of the numbers of individuals and learning providers registered on the programme. The Department of Education and Skills anticipated one million registered ILAs. Yet by 2001, the Department for Education and Skills reported 2.5 million individuals registered on the programme as eligible to undertake subsidised learning. The initial budget for the first two years of the scheme was supposed to be £199m, yet due to unanticipated high demand for ILAs, actual expenditure on the programme up to June 2002 was £273.4m.

An important feature of the scheme was that any registered provider could provide training, and that the Department for Education and Skills did not vet providers from a quality assurance perspective. By 2001, there were 9,000 organisations registered as learning providers, many of which were new venture organisations without experience of teaching or training⁷⁷.

The process for setting up an ILA was as follows. Both individuals and training providers had to register with the Individual Learning Account Centre, which was operated by a private sector firm called CAPITA. Individuals were issued with a unique ILA number. They could then book one or more learning episodes (up to 6 months in advance) and had to inform their provider of their unique ILA number. The providers then entered the individual's proposed learning on the Individual Learning Account database, along with the amount of the personal contribution expected from the individual. A personal contribution from the individual was required for each episode of learning, with the Department for Education and Skills meeting the rest of the costs. The provider could not however claim the subsidy from the Department for Education and Skills (via the CAPITA Individual Learning Account Centre) until the training or learning had actually started. CAPITA then constructed weekly and monthly payment files, which were submitted to the Department for Education and Skills. The DfES were then responsible for authorising and making payments.

By the December 2001 the programme had been shut down amid concerns about excess demand (and cost), as well as worries about how the scheme was being sold to learners and accusations of low quality learning. There were also more than 18,000 registered complaints from learners and accusations of fraud. In Wales and

⁷⁷ NAO (2002).

Scotland⁷⁸, new systems of Individual Learner Accounts have subsequently been set up, specifically targeted at individuals on low incomes. The new schemes have taken on board lessons from the first ILA scheme⁷⁹ and have much stricter process controls. In particular in both Wales and Scotland, the new ILA scheme involves some quality assurance of providers by the respective governments. However, as ILAs were reintroduced in Wales and Scotland in 2003, there is little in the way of evaluation of these new schemes.

2.2 Life long learning and individual allowances: the legislative framework

Legislative framework

The statutory basis for the Individual Learning Account programme was the Learning and Skills Act in July 2000. The ILA regulations were then laid before Parliament in August 2000. The scheme was then suspended in a series of actions taken by the Secretary of State for Education in Autumn 2001. Given the problems with the scheme it is extremely difficult to know exactly how much learning and training actually occurred under the ILA scheme (NAO 2002).

Other Lifelong Learning Policies

There were a number of other relevant policy initiatives that were either introduced or ongoing at the time that ILAs were implemented in the UK in 2000. These were:

- ✓ University for Industry, which was an initiative to use new technologies to bring new opportunities to adults to enhance their skills and education;
- ✓ Learndirect, which was a national learning advice service;
- ✓ Career Development Loans, which were deferred repayment bank loans with lower interest rates to pay for education and training;

⁷⁸ *Life through learning through life: The lifelong Learning Strategy for Scotland*, February 2003.

⁷⁹ See for example *Individual Learning Accounts in Scotland*, A report by the Auditor General for Scotland, Audit Scotland, 13/3/02.

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- ✓ Union Learning Fund, which was a fund to promote activities by trades unions to increase training and learning in the workplace; and,
 - ✓ UK online centres, which provided an introduction to and access to the internet with some learner support.

Recent developments

As the scheme was shut down in the UK in 2001, there is no recent data on training incidence related to ILAs, at least not for England. In Wales and Scotland, ILAs were reintroduced in 2003 but education data on lifelong learning is only available up to 2003/2004 so it is too early to document changes in the extent of ILA related learning and training in these countries.

2.3 Typologies of individual allowances for study/training or "conciliation" support

The ILA programme consisted of a system of state subsidies for training, aimed at the individual, and operationalised through Individual Learning Accounts. An Individual Learning Account was set up for each individual who applied to be part of the scheme. Then, according to eligibility criteria discussed below, a certain amount of government subsidy was notionally put into the individual's ILA. However, in reality the amount of subsidy that the person was eligible for varied, both by the circumstances of the individual and by the choice of learning undertaken. The ILAs were therefore not savings accounts in a conventional sense. The amount of subsidy paid by the state towards the person's learning was determined after the individual had registered to undertake a specific learning episode.

Individuals under most circumstances were expected to contribute towards the cost of their learning. Decisions about learning were made by the learner in conjunction with the training provider, independently of the learner's employer. Thus there was not necessarily any provision for study leave or other assistance from learners' employers. Nor would the learner's choice of course necessarily meet the needs of his or her employer. Although employers were exhorted to contribute to their employees' ILAs (but not at the expense of their own training programmes), ILAs were very clearly about individuals making their own choices about their own training needs, albeit with government financial assistance. Crucial to this strategy was the fact that there were no restrictions on learning content.

Details of the precise levels of public subsidy of individuals' learning are given in the next section.

2.4 Eligibility criteria for individual allowances and financial support

Eligibility Criteria

Any individual resident in the UK and 19 years or over could register to set up an Individual Learning Account. They could then use the funds in that account to undertake training with any registered provider (see section 5 below for eligibility criteria for providers). The purpose of ILAs was for individuals to choose their own learning and therefore both the eligibility criteria and the training provision criteria were minimal. Although the policy objective of the programme was to target certain groups, particularly low qualified individuals and those who had not done any learning recently, the programme was not restricted to these individuals. On the other hand, the marketing for the ILAs was targeted at these specific groups, including low qualified workers and individuals who had not done learning for some time, self employed, women returning to work, non-professional school staff and ethnic minorities⁸⁰.

The replacement ILA schemes in Wales and Scotland are operating somewhat differently. The eligibility criteria in Wales are the usual residency and citizenship requirements, that the individual be aged 18 or over and that either the person be on income support (i.e. with low household income) or that their highest qualification is at level 2 or below (GCSE grades A-C or NVQ 2 or below). In Scotland anyone can open an ILA if they are aged 18 or over and meet residency requirements.

⁸⁰ Individual Learning Accounts, Report by the Comptroller and Auditor General, HC1235, Session 2001-2002: 25 October 2002, National Audit Office.

Financial Support

There were three main incentive schemes available to those with an ILA.

- ✓ The Department for Education and Skills contributed £150 per ILA towards the cost of learning for the first one million account users. To access this money, a small contribution of at least £25 was needed from the individual account holder.
- ✓ A discount of 20% on the costs of any training was available, capped at £100.
- ✓ A discount of 80% on the costs of training was available for specific basic I.T. and mathematics courses, again capped but at a higher level of £200 per ILA.

The new replacement ILA schemes in Wales and Scotland currently have somewhat different incentive schemes. However, both schemes maintain the principles of subsidy of course costs for targeted individuals and the expectation that the individual will meet the portion of the learning costs that are not met by the state subsidy.

In Wales there are three levels of support, with a maximum subsidy of £200 per person per year.

- ✓ Up to 100% subsidy on course costs to a maximum of £200 if the person is in receipt of a range of income related specific state benefits (Income Support, Job Seekers Allowance, Pension credit, Working Families Tax Credit/Working Tax Credit, Housing Benefit or Council Tax Benefit);
- ✓ 50 per cent subsidy up to a maximum of £100 for individuals who have less than level 2 qualifications.

In Scotland the support is as follows:

- ✓ If the individual is in receipt of state benefits or earns less than £15,000 per annum, s/he receives a grant for learning up to the value of £200;
- ✓ Any individual, even those earning more than £15,000 per annum, can receive up to £100 towards the cost of a course to improve their computer skills⁸¹.

⁸¹ The extension of the Scottish ILA scheme to include individuals earning more than £15,000 per annum occurred in August 2005.

2.5 The supply of the training, educational or "conciliation" services

There were two providers in the original UK ILA scheme. The first provider was CAPITA, which was the firm that operated the Individual Learning Account Centre. CAPITA was responsible for manning a call centre for enquiries about the scheme, running the administration of the scheme (including registration of learners and providers) and notifying DfES of monies owed. The National Audit Office report (2002) noted that CAPITA was appointed through a competitive tendering process, although in the event CAPITA was the only bidder in the final phase of the process.

The second group of providers were those actually supplying training or learning. Eligibility criteria for these providers was as follows: a provider could be any person, firm, company or organisation offering training, teaching or other learning opportunities and registered by the Individual Learning Account centre. Thus the discounts and funds in the Individual Learner Account could be used with any registered provider, which included a range of public and private sector organisations. By 2001, there were 9,000 organisations registered as learning providers, many of which were new venture organisations without experience of teaching or training⁸².

There was no attempt to quality control providers. The design of the ILA programme was such that there was no vetting of providers, from a quality assurance perspective.

There was no attempt to define what constituted "training", "teaching" or "learning". Although the structure of subsidies/ discounts offered did provide an incentive to take certain basic I.T. and mathematics skills courses, learners were free to direct their learning in the way they saw fit. Indeed the whole purpose of ILAs was for individuals to determine their learning needs and to be empowered to make the learning choices most appropriate for them.

Once again, the new ILA schemes in England and Wales have changed the requirements of providers somewhat. Both countries have introduced some element of quality assurance of providers. Individuals are therefore only allowed to use the learning subsidies to go on pre-approved courses with quality assured providers. In Scotland there are currently nearly 200 approved providers, with more than 42,000

⁸² NAO (2002).

“learning opportunities” registered on the ILA Scotland database. In Wales there are 88 registered providers.

2.6 Managing and controlling systems

The implementation of the ILA programme resulted in significant fraud, as documented by the National Audit Office report on the issue (2002)⁸³. The full extent of the fraudulent activity is not fully known, however the Department for Education and Skills admits that fraud and serious irregularities may have been up to the value of £67 million. In addition to fraud, there were problems where learning was delivered but the provider did not abide by the programme rules, and in particular where the provider failed to seek and obtain the full personal contribution from the learner (the financial cost of this amounted to an estimated £30m). Some monies have been recovered from learning providers. The Department for Education and Skills claimed to have recovered £2.7m from providers by January 2004. The fraud also resulted in police investigation and more than 100 arrests, some of which then lead to convictions and imprisonment for individual Directors of learning providers.

The main investigation into the nature and extent of fraudulent activity associated with ILAs came from the National Audit Office (2002). The NAO concluded that the ILA scheme was indeed innovative, from a policy perspective, and did generate new interest in learning. However, the report also cited a number of reasons why the scheme led to fraud and had to be withdrawn:

The main findings of the National Audit Office were:

- ✓ the speed of implementation of the programme was too fast and led to inadequate planning which ignored security issues;
- ✓ there were inherent risks in the design and implementation of the programme that were not acknowledged or managed by the Department for Education and Skills;
- ✓ the relationship between the Department for Education and Skills and CAPITA (who implemented the system) was ineffective;

⁸³ Annex 2 contains a summary of the Department for Education and Skills’ response to the reports of the National Audit Office on this issue.

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- ✓ there was inadequate monitoring of the process. For example, the DfES were not fully aware that as few as 13 providers had registered over 10,000 accounts. Equally CAPITA and DfES were not aware that some learning episodes had insufficient documentary evidence to support the claim and some episodes that were funded were also actually ineligible under the scheme.

The nature of the fraudulent activity associated with ILAs varied. Some cited by the NAO (2002) include:

- ✓ Account holder details held on the ILA database were offered for sale to other learning providers and were used to book learning and claim funds.
- ✓ Some learners who were registered as having started their training had not done so.
- ✓ Fictitious accounts were created.

The experience of the UK ILA programme has some clear implications for other countries wishing to adopt such a programme. Firstly, there is a need for adequate planning and a clear business model to underpin any ILA scheme, which includes a full evaluation of the costs, benefits and security requirements associated with the programme. The process of administering ILAs involves risks, including the risk of fraud. These risks need to be clearly identified and managed early in the planning process. If the ILA scheme is to be administered by a public-private partnership, then the relationship between the organisation which administers the scheme and the government needs to be particularly carefully managed. In the UK case, the risks associated with the scheme were born entirely by the U.K. government, whilst CAPITA was left to administer the scheme. Perhaps the strongest message is the need for more detailed monitoring. Although CAPITA did supply the government with a lot of information on how the scheme was running, this information was not used to monitor for fraud and irregularities in an effective manner. Furthermore, CAPITA was not required to undertake security checks themselves (e.g. spot checks on eligibility or documentary evidence). Having said that, the NAO (2002) report did conclude that the Department for Education and Skills reacted promptly when it determined the extent of fraudulent activity and shut the scheme down in a speedy manner.

The new ILA schemes in Wales and Scotland were designed to overcome some of the shortcomings identified in the previous ILA scheme. A report by the Auditor

General for Scotland⁸⁴ specifically highlighted the need to quality assure providers, to introduce mechanisms by which to manage the risks associated with the programme, to have improved operational and systems control, to ensure better auditing and enhance the information available for learners and providers.

The design of the ILAs meant that some deadweight loss was inevitable. Although the scheme was marketed towards individuals who might otherwise not have invested in learning (perhaps due to credit constraints), in fact anyone who satisfied residency criteria could open an ILA. This ensured that individuals who would have paid for their own training anyway received a subsidy from the state towards the cost of their learning. The extent of this deadweight loss is discussed in the next section on evaluation.

2.7 Results from existing evaluation studies

Due to the short lived nature of the programme, there was little robust evaluation of its impact. However, there has been extensive investigation and discussion of the procedural failures that lead to fraudulent abuse of the programme (see above).

There were some very preliminary analyses of the programme, which largely consisted of relatively small-scale telephone interviews of learners who held ILAs⁸⁵. This research suggested the following:

- ✓ Most of the learning that was booked (if not taken) and for which there is data available was at entry level or level 1 (i.e. most of the learning was very low level, according to the UK qualifications framework);
- ✓ Between 10-20% of ILA holders did not have any qualifications at all;
- ✓ However, most learners had at least level 2 (GCSEs at grades A*-C);

⁸⁴ *Individual Learning Accounts in Scotland*, A report by the Auditor General for Scotland, Audit Scotland, 13/3/02.

⁸⁵ *Evaluation of ILAs – Early views of Customers and Providers: England, Department for Education and Skills Research Report 294, 2001..*

Evaluation of ILAs – Early views of Customers and Providers: National, Department for Education and Skills Research Report 295, 2001.

Individual Learning Accounts – Follow Up Study, Department for Education and Skills Research Brief RBX 01-02, January 2002.

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- ✓ One third of ILA learners had qualifications at level 4 or above (degree or equivalent);
 - ✓ Much of the recorded learning was in ICT;
 - ✓ Around one third of learners were aged between 19-30;
 - ✓ More than half of learners were aged between 31-50;
 - ✓ Around half of ILA learners felt that an ILA had made them more interested in learning;
 - ✓ 55% of ILA learners said that they would have undertaken their learning even in the absence of ILAs.

It is highly problematic to draw any conclusions from the evaluation of the ILA scheme. The data collected was minimal; the studies that were done were small scale and did not address scheme impact in any robust manner. Furthermore, given the level of fraud uncovered, the extent of genuine learning is somewhat unclear. However, tentatively one can suggest that the scheme was only partially successful in targeting low skilled and low qualified individuals who did not have extensive experience of learning. It is striking that one third of ILA learners had some higher education or equivalent. For a scheme targeting those without previous experiences of learning, this is a disappointingly high proportion. Furthermore, the estimate of the deadweight loss is very large. More than half of those who had ILAs claimed that they would have undertaken the learning even without the ILA programme. More positively, DfES data suggested that many of the learning episodes were in ICT. Since improvement of ICT basic skills was an objective of the scheme, this suggests some partial success. However, due to the problems of recording 'real' learning episodes, this evidence is very partial.

2.8 Summary: strengths and weakness

Whilst the evidence base that justified the introduction of the programme was reportedly very strong, the implementation of the programme itself was very poor. The legal abuses of the ILA programme in the UK caused it to be shut down within 2 years. In England, the ILA scheme has not subsequently been replaced. The Department for Education and Skills in England did undertake a consultative exercise to determine how one might implement a new scheme and to solicit the

views of interested parties. This review suggested that learners and providers still view ILAs very favourably and would welcome a new scheme⁸⁶. This provides anecdotal evidence that individual learners might respond to training/ learning subsidies were a new scheme to be introduced. However, the Department for Education and Skills claimed that they “have examined carefully the lessons we must learn from the original programme and have concluded that another stand alone scheme separate from the mainstream support for adult learning would not be the most sensible option”⁸⁷.

The Department for Education and Skills claim that they “continue to attach importance to the principles of adults being motivated and helped to return to learning through wider choice and a stronger sense of ownership of the funds that support their learning”. That said, the original ILA scheme seriously undermined the principle of state funded learner directed learning, at least in England.

The governments of Wales and Scotland have however, reintroduced an adapted ILA and research is urgently needed to undertake a robust evaluation of these schemes.

So what lessons can be learned from the UK ILA experience thus far? Firstly, the quality of the process management in any ILA scheme will be critical in determining its credibility and effectiveness. It is not enough to identify credit constraints as a serious impediment to learning and training and to introduce an ILA government subsidy to promote learning and training. One also needs to design and implement an effectively managed and financially secure system. In particular, if a public-private partnership is to be used to administer the ILA programme, careful consideration at the design stage is needed as to how this relationship might be effectively managed.

Secondly, quality assurance of providers is an important failsafe in the system. The original UK ILA scheme did not involve any quality assurance of providers by CAPITA or the Department for Education and Skills. This opened the doors for a wide range of providers to use ILAs, some of which were not offering good quality learning (and some of which were simply acting fraudulently). The new ILA

⁸⁶ Individual Learning Accounts: A consultation exercise on a New ILA Style Scheme, Department for Education and Skills Research Report RR239, 2002.

⁸⁷ Department for Education and Skills, 2005.

schemes in Wales and Scotland have recognised this and quality assurance of providers is undertaken in both countries.

Thirdly, the design of any ILA will be crucially important in determining its likely net impact. In the UK, even had the scheme not lead to serious fraud and irregularities, it might still be argued that it was a failure due to its high deadweight loss. The amount of the subsidy per ILA was relatively low and the subsidy was not adequately targeted towards credit constrained individuals. Of course the conclusions drawn are limited by the lack of robust evaluation of the scheme. However, one should certainly be concerned about the apparently high deadweight loss recorded in the small scale research project that did attempt some preliminary evaluation of the scheme.

3. The Education Maintenance Allowance Scheme

3.1 Introduction

The objective of the Education Maintenance Allowance is to raise post-compulsory educational participation and retention in education of young people (age 16-19) from low income families. Education Maintenance Allowances are weekly term time only payments made to students aged 16-19 for staying on in full time education for 2-3 additional years. The amount paid to the student varies and is means tested, with a maximum of £30 per week. In addition the scheme has financial bonuses for students who progress well in their chosen education course.

It has been recognised in the UK for some time that by international standards, the UK has a relatively long tail of lower achievers, who leave full time education at the age of 16, often with minimal or no qualifications (see Figure 1 above). There is also evidence that these lower achievers come disproportionately from low income households. The EMA scheme was designed to give young people from disadvantaged backgrounds an added incentive to stay on in education and to help them meet some of the additional costs associated with full time education. It is estimated that in 2004, around 50% of young people aged 16-19 lived in households with an income level that qualified them to be eligible for the EMA.

One unique feature of the Education Maintenance Allowance scheme is that it was thoroughly evaluated prior to full national implementation and the evaluation design was very methodologically robust⁸⁸ (see Annex 4 for a list of Department for Education and Skills research reports on the EMA). In 1999, Education Maintenance Allowances were introduced in England on a pilot basis. These pilots were then extended to about a third of the country between 2000-2004. In 2004, the EMA was rolled out throughout the UK.

3.2 Life long learning and individual allowances: the legislative framework

Legislative Framework

Education Maintenance Allowances were originally introduced under a pilot scheme in England in September 1999. Subsequently, the EMA has been rolled out to the UK as a whole under the 2002 Education Act. EMAs are now well entrenched in England and elsewhere in the UK, with clear and robust evidence of their success in increasing educational participation.

Other 14-19 policy initiatives

In the UK a lot of policy attention has been directed towards reforming the learning environment for 14-19 year olds. These reforms are detailed at the Department for Education and Skills 14-19 Gateway website, <http://www.dfes.gov.uk/14-19/>. Key relevant policies for 14-19 year olds include:

1. An attempt to reform the curriculum in England to make the 14-19 phase a more seamless one. Historically secondary education in the UK has been rather disjointed, with two distinct phases (age 14-16 and age 16-19). Furthermore, there has always been a clear exit point for students at age 16 (after taking their GCSEs). It has been said by experts that providing a clear exit point (with a qualification attached) at the age of 16, in addition to the disjointedness

⁸⁸ The evaluation design was based on a longitudinal cohort study of random samples of young people living in EMA pilot areas and control areas. Details of the results of the evaluation are given in section 7 below.

between pre-16 and post-16 provision, encouraged a higher drop out rate at age 16.

2. In July 2001, the Department for Education and Skills (following a report from the QCA: Curriculum 2000 and key skills) introduced key skills qualifications for those aged 16 plus who failed to secure A*-C grades in GCSE English, Maths, or ICT. These key skills qualifications are at level 2.
3. Improvements to the career guidance offered to young people (development of the Connexions service which offers career advice to 13-19 year olds).
4. The introduction of a higher education outreach programme (Aimhigher⁸⁹), which attempts to raise the attainment and aspirations of young people currently under-represented in higher education, with the purpose of encouraging their progression to HE. This sits alongside the Government target of 50% participation in HE of young people aged 18-30 by 2010.

Recent developments

The recent UK government 14-19 Education and Skills White Paper (February, 2005) reinforced the government's commitment to Education Maintenance Allowances. In 2004, more than half of young people (53%) achieved 5 or more Grade A*-C at GCSE. However, the government still feel the numbers staying on at school beyond the age of 16 are too low. The target is to improve education participation at age 17 from 75% currently to 90% by 2015 (14-19 White Paper, 2005).

In addition the 14-19 White Paper set out the Government's plan for this phase of education and future developments include:

1. A review of the curriculum at age 11-14 to provide a better foundation for progression. There is evidence that this stage of education is particularly weak in the UK, with many students falling behind as they make the transition into secondary school. It is also recognised that the UK has a relatively long tail of lower achievers with very poor basic skills and that problems in this phase of the curriculum contribute to this problem.

⁸⁹ Aimhigher was merged with HEFCE/LSC funded 'Partnerships for Progression' in August 2004, creating a unified, national outreach programme operating in largely disadvantaged areas.

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2. An attempt to improve basic skills at age 14-19 with everyone achieving level 2 (GCSE level) in functional English and maths. This will be achieved in a number of ways, including the introduction of a general GCSE Diploma to recognise those who reach this standard.
 3. The introduction of more choice in the curriculum at 14-19, including new specialised Diplomas at all levels (i.e. Levels 1-3) and in a wider range of subjects. To achieve these Diplomas, young people will have to reach the minimum standard in maths and English. The purpose of these reforms is to engage more young people in learning and for longer. Plans to strengthen the vocational education during this phase are also mentioned as a way of doing this.

3.3 Typologies of individual allowances for study/training or "conciliation" support

The Education Maintenance Allowance scheme consists of a weekly term time only cash subsidy paid directly into the bank accounts of students aged 16-19. The amount of the subsidy depends on the financial circumstances of the students' household (see section 4). Receipt of the subsidy is conditional on being in full time education (see section 4 for precise criteria). The EMA scheme does not specify the exact nature of the study that the student may undertake, although it does restrict the subsidy for those studying at a certain level, with certain specified providers and on validated courses (see section 5). The student is free to spend the subsidy on whatever he or she wants.

3.4 Eligibility criteria for individual allowances and financial support

Eligibility Criteria

Current eligibility criteria to obtain an Education Maintenance Allowance in England⁹⁰ are as follows:

⁹⁰ The scheme is very similar in Wales, Scotland and Northern Ireland although the income thresholds vary slightly.

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- The students' household must have an income of £30,000 per annum or less
 - The individual must be enrolled in education with a minimum of 12 hours of guided learning per week (i.e. a minimum of 12 hours per week of lectures or supervised study)
 - The student must be enrolled in a course that is at Level 3 or below (i.e. at A level, AS level, GCSE, GNVQ or NOVQ level 3 or below).
 - The student must satisfy the necessary residency criteria. Specifically, s/he must be a UK national or have UK citizenship or a UK passport with three years' continuous residence in the UK or have indefinite leave to remain in the UK or come from a EU or EEA country and have lived in the UK for at least three years or have EU Temporary Protection.

Receipt of the EMA is conditional on attendance, coursework and progress in the student's choice of course. Thus the student is required to sign an "EMA contract" with his or her school or college. This sets out clearly what is expected of the student in terms of attendance and achievement.

There is no employer involvement in the EMA scheme, although the scheme does not specifically prohibit a young person from being employed and receiving the EMA, as long as they meet the minimum requirement of hours of study.

Financial Support

The EMA scheme provides a term time allowance for the student, which is designed to cover incidental costs associated with staying on in full time education, such as travel, books and equipment. The money is however paid to the student directly, and there are no restrictions on how she or he spends it. The allowance is therefore not necessarily spent specifically on educational items.

The allowance does not replace any other state benefits the student or his/her family might receive. In other words, if the student's family is receiving some form of financial assistance from the state, the EMA would be in addition to that assistance and would not impact on the amount of any other benefits received by the family.

The current level of the EMA in England⁹¹ is as follows:

Household income⁹² up to £20,270 per annum Allowance: £30 per week.

Household income £20,271-£24,850 per annum Allowance: £20 per week.

Household income £24,851-£30,000 per annum Allowance: £10 per week.

The student can receive an EMA for 2-3 years, depending on the length of their course. They need to apply to get the allowance each year. In addition, conditional on good attendance and adequate academic progress, students can receive up to £100 per term in retention and achievement bonuses.

The EMA subsidy is therefore a supplement to the disadvantaged student's income whilst he or she is in the first few years of post-compulsory schooling. Since the direct costs of tuition are also free during this phase of schooling, the subsidy is likely to be used to pay for the student's living costs or any additional direct costs incurred whilst in education (books etc.). No parental contribution is required to receive the EMA, although in practice it is likely that most students would need additional help with their living costs from their parents/ partners/ carers.

100% of the subsidy comes from the national government and the EMA is administered by an Assessment and Payment Body set up by the national government (see section 6).

3.5 The supply of the training, educational or "conciliation" services

Education Maintenance Allowances are paid directly to the student. They are conditional on the student being in full time education with specific types of generally public sector providers⁹³, including schools, 6th form colleges⁹⁴ and Further Education colleges⁹⁵. Private providers are not specifically excluded however. For

⁹¹ The scheme is very similar in Wales, Scotland and Northern Ireland although the income thresholds vary slightly, as do the amounts of the retention and achievement bonuses.

⁹² Household income is defined as the income of the adults in the student's home who have a caring or parental responsibility for you. Income from absent parents (i.e. maintenance costs paid by the absent parent) and income earned from any part-time work undertaken by the student is not counted.

⁹³ This list of providers is not exhaustive. For example, some FE courses are located in HE institutions.

⁹⁴ Separate institutions catering for 16-19 year olds.

⁹⁵ Institutions catering for adults from age 16 upwards.

example, it is possible that a poor student enrolled in a private 6th form college under a scholarship system might be in receipt of EMA. It is unlikely however. Students must be enrolled on a recognised course leading to a validated qualification. Thus students *cannot* be in receipt of an EMA if they are undertaking privately provided (unvalidated) training or if they are only studying part-time (less than 12 hours per week). Since the student has to be enrolled in an approved institution and on a validated course, the education and learning is quality assured. The body responsible for the quality assurance of a particular course will depend on the institution that the student is enrolled in. For example, schools are quality assured by the Office for Standards in Education (OFSTED) in England. Other relevant bodies include the Adult Learning Inspectorate (ALI), which covers further education sector, the Quality Assurance Agency (QAA), which is responsible for quality assurance in higher education and the Qualifications and Curriculum Authority (QCA), which is responsible for specific qualifications. However, there is often overlap between these agencies, depending on the precise course and provider.

3.6 Managing and controlling systems

Under Section 14 of the Education Act 2002⁹⁶, the Secretary of State for Education delegated responsibility for assessing eligibility criteria for the EMA and payment of the EMA allowance to Capita Education Services. Capita Education Services is therefore responsible for validating EMA claims and obtaining sufficient documentary evidence to support the claim and detect fraud. The Assessment and Payment Body (APB) (operated by Capita Education Services) is the vehicle through which claims are assessed and payments made. The Department for Education and Skills remains responsible for monitoring the APB, as well as the task of marketing the EMA and monitoring its effects.

Recognised education providers also have a role to play. They are responsible for promoting the EMA scheme to their students and notifying Capita Education Services of the enrolment of eligible young people. They must also confirm that the young person has signed an EMA learning contract and are responsible for monitoring both attendance and progression under the terms of that contract. The

⁹⁶ See also Education Maintenance Allowance Guidance Overview 2004/5, Department for Education and Skills, 25th August 2004.

education provider then reports back to the APB on the students' attendance and progress. Lastly, the provider must offer the opportunity for students to appeal against judgements made about their attendance or progress. The EMA processes and procedures used by providers are auditable.

Although the EMA contracts (which specify both attendance requirements and set progression targets for the individual student) are an agreement between the education provider and the student, the APB provides the templates for these contracts.

In the event that an EMA is paid inappropriately to an ineligible student, it is the responsibility of Capita Education Services to reclaim the monies paid (on behalf of the Secretary of State for Education).

To avoid double payments, students in receipt of the EMA are ineligible for a range of other benefits, namely the Job Seekers Allowance, Minimum Training Allowance and the Adult Learning Grant.

3.7 Results from existing evaluation studies

The EMA pilot in England was initiated in 10 Local Education Authorities in 1999. The pilot areas were somewhat more deprived than average (Middleton et al. 2003⁹⁷; Dearden et al. 2005). The pilot scheme was similar to the current EMA scheme, in that it consisted of means tested weekly term time only payments to students. A non-means tested retention bonus was also paid every term for those with good attendance. There was also a non-means tested achievement bonus for those who achieved their learning goals. Under the pilot scheme, the EMA could be claimed for 2 years of study (3 years for students with special educational needs) and could be used to attend any form of full time post-16 education, whether academic or vocational.

The allowances paid during the pilot phase were however somewhat different from the current scheme. There were 4 different variants of the EMA pilot scheme (in

⁹⁷ Middleton, S., Maguire, S., Ashworth, K., Legge, K., Allen, T. And Perrin, K (Centre for Research in Social Policy) and Battistin, E., Dearden, L., Emmerson, C., Fitzsimons, and Meghir, C. (Institute for Fiscal Studies) (2003) *The Evaluation of Education Maintenance Allowance Pilots: Three Years Evidence – A Quantitative Evaluation*, Department for Education and Skills Research Report No. 499.

order to test the impact of paying different levels of subsidy and in different forms). The four variants were:

1. Maximum award of £30 paid to the young person; £50 retention bonus; £50 achievement bonus
2. Maximum award of £40 paid to the young person; £50 retention bonus; £50 achievement bonus
3. Maximum award of £30 paid to the parent; £50 retention bonus; £50 achievement bonus
4. Maximum award of £30 paid to the young person; £80 retention bonus; £140 achievement bonus.

The evaluation was therefore able to investigate whether the impact of the EMA varied according to the amount paid and by whether the subsidy was paid directly to the child or to the parent.

The means testing was also somewhat different in the pilot scheme. Specifically, the full award could be received by young people whose household income was £13,000 or below. The subsidy was then tapered up to a household income of £30,000, with families earning £30,000 receiving £5 per week. Children from families with household income above £30,000 did not receive the EMA. To put the amount of the subsidy in context, the median net wage for full time age 16/ 17 workers in the EMA pilot areas during this time period was £100 per week.

The methodology used in the evaluation was to match individuals within EMA pilot areas with individuals in non-EMA control areas by a range of individual, household and local area characteristics⁹⁸. The evaluation then compared education participation across the matched groups.

The results from the EMA evaluation suggest substantial impacts from the subsidy, particularly for students who received the maximum payment of £30. Dearden et al. (2005)⁹⁹ found that overall, educational participation was 4.5 percentage points higher amongst those eligible for the EMA (as compared to an education participation rate of 64.7% in the control sample). The EMA had a different impact for different groups of students however. The EMA increased initial educational

⁹⁸ For details of the propensity score matching method used in the analysis see Dearden et al. 2005.

⁹⁹ Dearden, L., Emmerson, C., Frayne, C. And Meghir, C. (2005) *Education Subsidies and School Drop-Out Rates*, Institute for Fiscal Studies Working Paper WP05/11.

participation of eligible males by 4.8 percentage points and of eligible females by 4.2 percentage points. Of course if the EMA encourages students *who would otherwise drop out* to stay on in education it is a possibility that these students will find their course of study too difficult. They may then drop out subsequently. However, for individuals in their second year of receipt of EMA, the impact of EMA increased to 7.6 percentage points for males and 5.3 percentage points for females. This is encouraging in terms of the longer-term impact of EMA. Dearden et al. (2005) concluded that the EMA not only increases participation in full time education beyond the compulsory school leaving age but also enhances retention in full time education subsequently.

The evaluation by Dearden et al. (2005) also found that around half of the individuals who stayed in education were drawn from inactivity rather than from work. Thus the subsidy did not simply draw young people away from the world of work and back into education. Rather, a significant proportion of the people who continued in education due to the EMA would otherwise have been inactive. One estimate of a potential deadweight loss is the proportion of EMA students who were drawn from other training programmes. The Department for Education and Skills report this to be less than 10% (DfES 2004).

The evaluation collected sufficient information on the background of the children to be able to determine the impact of EMA for different types of student (by income, gender, area etc.). The evidence suggests that the effect of EMA is greater for children from the poorest homes. Certainly those who received the full amount of the subsidy during the pilot phase (i.e. the poorest children) had the largest increase in education participation (Dearden et al. 2005). It appears that whilst children from low-income homes have a higher propensity to drop out of education, the EMA is particularly effective in reducing drop out for this particular group. However, Dearden et al. (2005) also noted that the retention effects of EMA were largest for students who were only partially eligible, i.e. students who were not in the poorest households.

The evaluation also considered whether the EMA had more or less impact for students with lower or higher prior academic achievement. Dearden et al. (2005) concluded that the EMA has a larger impact on students with low prior achievement, partly because more academically able students have higher levels of education participation anyway. What this implies for policy-makers is that the EMA does impact on the long tail of low achievers, i.e. those who have done badly in the education system and who would otherwise drop out. It does also mean however,

that the EMA draws less able students into the education system. Whilst there was no evidence from the pilot study that EMA students were choosing lower level courses (than their counterparts in the control groups), Middleton et al. (2003) did find that students in the EMA pilot were more likely to have enrolled on a solely vocational course, as compared to those in the control group.

One important issue raised by the pilot scheme was whether subsidies paid directly to the student or are more effective than subsidies paid to the mother. Paying the mother may dilute the effect of the subsidy if she does not pass the money on to the child, since the child will have less incentive to attend school. On the other hand, even if the allowance is paid to the child the mother/ parent may claw some of it back into the household finances, and in which case it does not matter who the subsidy is paid too. The evaluation of the pilot suggested weakly that paying the allowance directly to the child was more effective for those fully eligible for the EMA, i.e. the poorest students. For those who were only partially eligible for EMA, paying the allowance to the mother was more effective. The current EMA scheme now pays the allowance to the individual student.

A final issue that the pilot evaluation was able to investigate was the extent to which the EMA scheme could encourage both initial participation and discourage subsequent drop out from education. There were two mechanisms in the pilot scheme that impacted on student retention. The first was that the EMA payments were conditional on students' continual attendance at school or college. Payments were stopped where attendance became problematic. The second mechanism to improve attendance and achievement was by paying retention and achievement bonuses. Descriptive analysis (Middleton et al. 2003) suggested that around 20% of young people receiving the EMA experienced stoppages to their weekly payments. Around half the cases of stoppages were due to attendance problems. However administrative process problems accounted for just under one third of these stoppages. Around 90% of EMA recipients reported receiving retention bonuses, with the pilot variants offering higher retention bonuses also recording higher levels of receipt. This provides indicative evidence that higher bonuses had a positive impact on retention.

Of course the ultimate policy question is: what is the impact of the EMA on the labour market outcomes of the students? It is possible that the EMA caused low ability young people to stay on in school for 1-2 years but did not lead them to have better labour market and lifetime outcomes as a result. Perhaps the students did not achieve anything whilst they were in education and therefore did not do any

better in the labour market once they finished their education. The evaluation evidence on this issue is quite preliminary as yet. Middleton et al. (2003) found no significant impact of EMA on entry into higher education. Equally the same study found no impact of EMA on the labour market opportunities of students who left education after one post-compulsory year of education (i.e. at age 17). However, EMA students who had spent two years in education after the compulsory school leaving age did end up in higher occupational categories (especially management, professional, associate professional technical occupations) than those who had exited into the labour market at the age of 16.

Much of the focus of the evaluation of the pilot scheme has been on impact. However, a number of research reports have also assessed the administrative efficiency of the scheme and its implementation, and some specific research on implementation has been commissioned by the Department for Education and Skills (Maguire et al. 2001¹⁰⁰). Some key lessons emerge. Many aspects of education in the UK are administered by Local Education Authorities which are part of the local government structure. Maguire et al. (2001) found that the involvement of senior staff within these Local Education Authorities in the EMA scheme was an important factor in determining the smooth implementation of the EMA scheme. The same research also suggested that a number of issues needed to be addressed to improve implementation of the EMA, namely the nature and timing of publicity material promoting EMA to students, the need to sort out the backlog in payments that had arisen in some areas and the need to simplify the evidence required for checking eligibility and means testing. The research also highlighted the need for more consistent ways of monitoring attendance, since prior to implementation of EMA schools and colleges had recorded attendance in a variety of different ways. The Department for Education and Skills have subsequently acted on a number of these issues, introducing better guidelines and a simplified application form (DfES 2004).

Some qualitative research has also investigated the views of EMA recipients and their parents. For example, Legard et al. (2001)¹⁰¹ report that EMA students felt that the timing of information given about the pilot scheme was poor. Students in

¹⁰⁰ Maguire, M., Maguire, S. And Vincent, J (2001) *Implementation of the Education Maintenance Allowance Pilots: The First Year*, Department for Education and Skills Research Report RR255.

¹⁰¹ Legard, R., Woodfield, K. and White, C (2001), *Staying Away or Staying On? A qualitative Evaluation of the Education Maintenance Allowance*, Department for Education and Skills Research Report RR251.

the original four pilot areas reported that they only received information about the EMA scheme towards the end of Year 11 (i.e. as they came to the end of their last year of compulsory schooling). By that time many of the students had already made their decisions about staying on in education, or not, and this was particularly the case for those students facing potential financial difficulties associated with staying on in education. Some parents and young people reported that earlier information about the scheme might have increased its impact.

In terms of the application process, reports by EMA students and their parents suggested that it varied from being relatively easy and straightforward to long, complicated and frustrating. The amount of information required to support an EMA application varied from area to area, and the more information required the more difficult students and parents found the process. For students with more complex domestic and financial situations, the application process was particularly challenging. Some students also reported that it was not always clear what evidence was required so that parents received requests for supplementary information which were time-consuming and delayed the process. In two pilot areas there were reports of long delays in processing applications and this delayed payments of the EMA (although it was back dated). Many of these issues have been addressed and the process has been streamlined and centralised for the roll out of the EMA across the UK. For example, having one body responsible for administering the scheme, and just one application form, has certainly simplified the application process and made it consistent across different areas.

Legard et al (2001) research suggested that there appeared to be little difficulty in understanding and completing the learning agreements required prior to receipt of EMA.

3.8 Summary: strengths and weakness

The Education Maintenance Allowance scheme in the UK is a rare example of a properly evaluated policy intervention. The results of the evaluation suggest quite strongly that EMAs achieve their main objective, which is to raise education participation rates amongst young people from low-income households. The evidence is methodologically robust and consistent; Education Maintenance Allowances of up to £30 per week per student increase education participation amongst those eligible to receive the allowance by between 4 and 8 percentage points. Furthermore, the impact is greater for lower achieving and poorer students.

EMAs certainly encourage students who would otherwise have dropped out to continue in education beyond the age of 16. Furthermore, the evaluation evidence suggests that this is not a short run effect. In the medium term, students in the EMA area were less likely to drop out of full time education.

What is less clear is the long-term impact of the EMA. Preliminary evidence suggests that EMA students who stayed on in education two years after the compulsory school leaving age do better than those who dropped out at age 16. However, more research is needed to determine the long run outcomes for students who were encouraged to stay on in education by the EMA, and in particular we need to know what their final qualification levels are, as well as their eventual labour market earnings. One major concern from the evaluation evidence available is that the EMA is clearly causing disadvantaged students, many of whom have low prior achievement, to remain in education. This is a positive impact and meets the DfES objective for the policy. However, these students may not achieve much in the additional years they spend in education, in terms of additional skills and particularly in terms of acquiring qualifications. If students do not improve their skills or their qualification level, their labour market outcomes are not likely to markedly improve just because they have spent longer in education. Under these circumstances a proper cost benefit analysis of the EMA intervention would probably indicate that the investment has not been worthwhile. On the other hand, if one could calculate the social benefits of keeping young people occupied for an additional few years, when they would otherwise have been inactive (with a higher probability of anti-social behaviour, committing crimes etc.), then one might find that the net benefit of the EMA is positive even if it does not enhance educational outcomes. From the evaluation evidence available it is not possible to determine the long run net impact of EMA. My professional judgement would be however, that the EMA is an effective intervention with a reasonable return in the medium to longer term.

In terms of implementation, the EMA has been reasonably successful. In the pilot stage the means testing process was quite cumbersome in some areas. In other areas, a backlog of claims built up with delays in getting students their payments. However, some years on from that, the process has been centralised and the implementation of the EMA nationwide appears to have been effective.

Overall, the EMA experience in the UK provides strong evidence that relatively small allowances paid directly to the child (and conditional on attendance in education) are an effective way to tackle the high drop out rate amongst low achieving

children and from low-income backgrounds. For policy-makers thinking of implementing a similar scheme, the lesson from the UK is that it is important to get the details of the programme right. In particular, the EMA contract and attendance and educational progress requirements are an essential part of the overall EMA scheme. Without these elements it is likely that EMA impact would be much lower. Another point is that for policy-makers everywhere, the EMA also provides a useful example of how to effectively design, evaluate and then implement a policy intervention.

4. Conclusions and lessons for policy

What can the ILA and EMA schemes tell us about using training/ learning subsidies to encourage participation in learning? There are three main conclusions that one can draw.

Firstly, the principle of subsidising individuals' learning and training appears to be correct. The EMA scheme provides robust evidence that relatively low levels of subsidy can encourage young people to remain in education when they would otherwise have dropped out. Judging from the high take up of ILA, the idea that small levels of subsidy can encourage adults to return to learning also appears to be valid. Presumably this is why the governments of Wales and Scotland have reintroduced adapted ILA schemes, despite the disastrous failure of the original ILA scheme. However, the evidence from both the ILA and the EMA schemes also suggests that subsidies have to be carefully targeted. In the case of the ILA, there was a large amount of deadweight loss. ILAs may have been marketed at low qualified learners and other vulnerable groups but it was not restricted to these groups. As a result, the limited amount of evaluation evidence available for the ILA scheme seems to indicate that there was a large take up by adults who already had higher levels of qualifications. By contrast, the EMA was restricted to disadvantaged young people from lower income backgrounds, and the evidence suggests that the deadweight loss was relatively minimal.

The second lesson is the importance of policy design and process management. The ILA scheme, by most measures, was not a success. It was the design and management of the original scheme that led to many of the problems and fraud, causing the scheme to be terminated. The original ILA scheme also lacked quality assurance of providers, which appears to be an important failsafe in the system. Requiring some quality assurance of providers may go against the original

intentions of the scheme, which were to enable individuals to identify and meet their own learning and training needs in whatever way they saw fit. However, without this failsafe, the potential for low quality learning and abuse is much greater. In the case of the EMA, policy design was equally as important in determining its success. For example, the EMA contract and attendance and educational progress requirements are an essential part of the overall EMA scheme, suggesting that a subsidy in itself may not be sufficient to change individuals' behaviour unless there is some compulsion on or minimum requirements of the student.

The third lesson follows on from the need for good policy design and process management, and that is that schemes need to be properly evaluated. The Education Maintenance Allowance scheme is a rare example (in the UK) of a properly evaluated policy intervention. The pilot stage not only provided the robust evidence needed to convince policy-makers to extend the scheme nationwide but also highlighted some problems in implementation. Thus piloting may have also ensured that the process management of EMA was better than it would have been without the evaluation phase.

Annex 1: SUMMARY OF CHARACTERISTICS OF INDIVIDUAL LEARNING ACCOUNTS SCHEME

Programme description	Individual Learning Accounts set up to provide a vehicle by which national government could subsidise adults' learning or training
country	United Kingdom
name (original)	Individual Learning Accounts
name (English)	Individual Learning Accounts
Implementation date	2000
expiration date	2001
goal / objective	The policy objective of ILAs was to provide subsidies for learning, in order to widen participation in learning and help individuals overcome financial barriers to learning. ILAs were also supposed to provide a means for individuals to invest their own funds in their own learning, and by implication take responsibility for their learning needs.
type of instrument/incentive	individual learning accounts
target group	individuals (including, but not limited to, employees and self-employed) targeted at: <ol style="list-style-type: none"> 1) low income 2) low qualified 3) women returners 4) self employed 5) non professional school staff 6) ethnic minorities
distribution of direct (out-of-pocket) training costs	Which part of the out-of-pocket costs involved are paid by: <ul style="list-style-type: none"> • employers: none • individuals: proportion of costs varied according to circumstances of individual and choice of training course • public allowance: proportion of costs paid varied according to circumstances of the individual and choice of training course. 100% of the subsidy was met by funds from national government.
distribution of indirect training costs	There was no provision for individuals to take time off work to undertake training therefore in most cases 100% of indirect costs were met by the individual
characteristics of training involved	The instrument is aimed at <ul style="list-style-type: none"> - training and learning in general - any type of training or learning was permissible, although some subsidies were aimed specifically at ICT training

executing organisation / implementing body	<p>Department for Education and Skills (UK scheme)</p> <p>Sanctuary Buildings Great Smith Street London SW1P 3BT</p> <p>Education and Learning Wales (Welsh scheme)</p> <p>Ilex Close Llanishen Cardiff CF14 5DZ</p> <p>Scottish Executive (Scotland)</p> <p>Scottish Executive Education Department Victoria Quay Edinburgh EH6 6QQ</p>
type of training provider	<p>The original UK ILA scheme did not provide quality assurance of providers nor of training/ learning content. Almost any organisation could register as a provider.</p> <p>Under the new Welsh and Scottish ILA schemes, providers are quality assured.</p>
partners involved (number and type)	<p>Please indicate which of the following partners are involved (at one stage or another) in the implementation of the instrument:</p> <ul style="list-style-type: none"> • individual employers Not necessarily involved – up to the individual employer and employee • employer organisations Not involved • individual employees ILAs were open to employees and non employees • unions Not involved • training institutes Not necessarily involved although some providers do have strong links to training institutes • national departments Scheme was responsibility of Department for Education and Skills • other governmental organisations None • others, namely: <ul style="list-style-type: none"> • Private sector firm administered the scheme (CAPITA) • Learning providers
innovativeness	<p>The programme was considered by many, including the UK National Audit Office (2002) to be innovative because the original ideas behind setting up learner client accounts and expanding the provider base were innovative. However, the subsequent failure to manage the risks of the scheme led to its closure.</p>
Statistics (for most recent year available)	
reference year	UK scheme shut down in 2001
expenditures (x 1.000 €)	<p>Due to the fraud and problems associated with the scheme it is not possible to provide exact expenditures on valid learning. The scheme began in 1991 and up to June 2002 expenditure was £273.4m. It is estimated upto £97m was either monies claimed fraudulently or monies claimed for ineligible learning.</p>

output	More than 2.5million individuals set up Individual Learning Accounts. However, given the fraud and problems associated with the scheme the true output from a learning perspective cannot be determined.
if targeted at specific groups: extent to which target groups are reached	The programme was targeted at various groups, most of which we have very poor data for. 5. it was targeted at low qualified individuals yet only 10-20% of registered learners were low qualified. The rest had higher-level qualifications (level 2 or GCSE grade A*-C or above). 6. it was targeted at the self-employed and 5-8% of learners were self-employed. 7. it was targeted at ethnic minorities and 11-20% of learners were non-white (but the data on this is low quality). 8. it was targeted at women returners and non-professional school staff but the data is very weak. Perhaps 3-4% of learners were respectively women returners or non-professional school staff.
Information on impact	
evaluation study available?	Evaluation of ILAs – Early views of Customers and Providers: England, Department for Education and Skills Research Report 294, 2001. Evaluation of ILAs – Early views of Customers and Providers: National, Department for Education and Skills Research Report 295, 2001. Individual Learning Accounts – Follow Up Study, Department for Education and Skills Research Brief RBX 01-02, January 2002.
if evaluation study is available, describe various characteristics	Evaluations were based on opinions of a sample of registered learners interviewed by telephone. The telephone survey covered: <ul style="list-style-type: none"> • the efficiency of the process, • the characteristics of the learners (which relates to impact but is not a robust evaluation of impact) • the learning episode (which relates to impact but is not a robust evaluation of impact) potential deadweight loss.
if evaluation study is available, describe main conclusions	There is no robust evidence on the effect of ILAs on training participation. A very crude estimate of deadweight loss was given (55%) but this estimate is not robust.
what (if any) are the main bottlenecks in the implementation of the instrument?	The process management of the ILA scheme was poor and risks were not managed effectively. This led to fraud and the scheme was shutdown. See: Individual Learning Accounts, Report by the Comptroller and Auditor General, HC1235, Session 2001-2002: 25 October 2002, National Audit Office.
is it considered to be a good practice? If so, by who, and why?	ILAs no longer exist in England because of the problems with the original scheme. However, they have been re-introduced in Wales and Scotland but there is as yet not robust evaluation of their impact. Thus it is too early to comment on good practice.

Annex 2: RESPONSE BY THE DEPARTMENT FOR EDUCATION AND SKILLS TO THE NATIONAL AUDIT OFFICE REPORT ON ILAs

Department for Education and Skills spokesperson said:

"This is an important report from the National Audit Office (NAO). It is clear that mistakes were made and lessons have been learned.

"We remain committed to the principles of the Individual Learning Account (ILA) scheme. As the NAO report says, this was an innovative programme which helped hundreds of thousands get back into learning. But as soon as the Department became aware of the potential for serious fraud we acted on police advice and closed the programme down immediately.

"The NAO report will play an important part in helping us to ensure that the successor scheme is robust and builds on the successes of the original programme, ensuring that the failures of the first scheme are not repeated.

"The Government is developing a groundbreaking new National Skills Strategy. Central to this is a fundamental review of the way adult learning is funded in this country. The aim of this review is to ensure that the £2 billion spent on adult learning every year is used to maximum effect.

"After careful examination, we have decided that it would not make sense to go ahead with the full design and implementation of the new ILA scheme in isolation from that wider review. We must ensure that the successor programme is fully integrated within decisions about our future approach to funding adult learning. It will therefore be appropriate to announce the details of the successor scheme as an integral part of that strategy.

"The review will be completed, and its conclusions set out, in the Skills Strategy and delivery plan to be published in June 2003. Having made this decision, it is now appropriate to proceed on a different basis in taking forward the ILA successor scheme. As such, we have agreed with Capita that our joint work with them on the development of a successor scheme is now complete. We are grateful for the partnership approach that Capita have adopted to the wind down of the ILA scheme and the development of a successor scheme.

Annex 3: SUMMARY OF CHARACTERISTICS OF EDUCATION MAINTENANCE ALLOWANCE SCHEME

Programme description	Payment of an allowance to young people age 16-19 who stay on in education past the compulsory school leaving age
country	United Kingdom
name (original)	Education Maintenance Allowance
name (English)	Education Maintenance Allowance
implementation date	Pilot scheme 1999
expiration date	Ongoing
goal / objective	The objective of the Education Maintenance Allowance is to raise post-compulsory educational participation and retention in education of young people (age 16-19) from low income families.
type of instrument/incentive	Cash subsidy to the individual student
target group	Individuals (including, but not limited to, part-time employees and self-employed). Note: to be eligible individuals must be in full time education which constitutes 12 hours of guided study per week. Only part-time work is therefore allowed under the scheme.
distribution of direct (out-of-pocket) training costs	The allowance is conditional on being in full time secondary education and 100% of secondary education costs are born by the state thus the state bears the direct training costs
distribution of indirect training costs	<ul style="list-style-type: none"> • there is no contribution by employers under the scheme although part-time work is allowed • the allowance is designed to meet some proportion of the indirect costs of being in full time education. • 100% of the allowance is paid by national government
characteristics of training involved	The scheme is aimed at increasing participation in secondary education, whether vocational or academic is up to the individual student
executing organisation / implementing body	The Assessment and Payment Body (APB), which is operated by a private sector firm Capita Education Services, is responsible for implementing and operating the scheme. The Department for Education and Skills has statutory responsibility. Department for Education and Skills, Sanctuary Buildings Great Smith Street London SW1P 3BT
type of training provider	Schools, 6 th form colleges (age 16-19) and FE colleges (for adults age 16 +)
partners involved (number and type)	<ul style="list-style-type: none"> • individual employers not involved • employer organisations not involved • individual employees part time employees may receive an EMA • unions not involved • training institutes not involved • national departments Department for Education and Skills • other governmental organisations Local Education Authorities, Local Skills Councils (although they do not have responsibility for administering the scheme) • others, namely: Assessment and Payment Body, operated by Capita Education Services (responsible for administering the scheme)

innovativeness	The scheme is highly innovative. Firstly it was introduced in a manner than enabled a full impact evaluation to be undertaken. Lessons from the evaluation were then used to adapt the final scheme that was implemented nationwide. Secondly, the UK is one of only a handful of countries to experiment with using direct conditional subsidies paid to low income students who remain in post-compulsory secondary education. In particular, the fact that the subsidy is conditional on good attendance and good progression is innovative.
Statistics (for most recent year available)	
reference year	Pilot evidence is available 1999-2003 (also see below on evaluation) EMAs were rolled out nationally in 2004 but the expenditure data for that year are estimates
expenditures (x 1.000 €)	In 2001/02 actual expenditure was £109m In 2002/03 actual expenditure was £120m In 2003/04 actual expenditure was £142m In 2004/5 it is estimated that expenditure will be £281m
output	297,000 young people received an EMA in 2004/
if targeted at specific groups: extent to which target groups are reached	The EMA is means tested and thus targeted at young people from low income households. Evaluation evidence suggests that the impact of the EMA was greater for the poorest students.
Information on impact	
evaluation study available?	The main findings can be found in: Dearden, L., Emmerson, C., Frayne, C. And Meghir, C. (2005) <i>Education Subsidies and School Drop-Out Rates</i> , Institute for Fiscal Studies Working Paper WP05/11. Middleton, S., Maguire, S., Ashworth, K., Legge, K., Allen, T. And Perrin, K (Centre for Research in Social Policy) and Battistin, E., Dearden, L., Emmerson, C., Fitzsimons, and Meghir, C. (Institute for Fiscal Studies) (2003) <i>The Evaluation of Education Maintenance Allowance Pilots: Three Years Evidence – A Quantitative Evaluation</i> , Department for Education and Skills Research Report No. 499. See also: Maguire, M., Maguire, S. And Vincent, J (2001) <i>Implementation of the Education Maintenance Allowance Pilots: The First Year</i> , Department for Education and Skills Research Report RR255.
if evaluation study is available, describe various characteristics	Various evaluation studies are available on EMA (see Annex 4). The analysis is almost exclusively based on objective information following a robust evaluation methodology. The EMA pilot evaluation covered the impact of the EMA on short and medium term educational outcomes (mainly education participation). Some research cited in the main body of the report above also covered the efficiency of the EMA implementation/process.

<p>if evaluation study is available, describe main conclusions</p>	<p>Evaluation evidence for the pilot (1999-2003) suggests that Education Maintenance Allowances of up to £30 per week per student increase education participation amongst those eligible to receive the allowance by between 4 and 8 percentage points. This is an additional training participation effect.</p> <ul style="list-style-type: none"> • Approximately 10% of the EMA effect may be a substitution effect, i.e. students who were going to enrol on other training courses switching to full time secondary education in order to receive the EMA • The medium term impact of the EMA is larger. For individuals in their second year of receipt of EMA, the impact of EMA increased to 7.6 percentage points for males and 5.3 percentage points for females. Dearden et al. (2005) concluded that the EMA not only increases participation in full time education beyond the compulsory school leaving age but also enhances retention in full time education subsequently. • Evidence on longer term impacts is sparser. There is some evidence however that students who remained in full time education for two years as a result of the EMA had better labour market outcomes than students who dropped out of education at age 16.
<p>what (if any) are the main bottlenecks in the implementation of the instrument?</p>	<p>The pilot study had some difficulties in terms of processing EMA applications. This problem appears to have been solved by centralising the application and payment system.</p>
<p>is it considered to be a good practice? If so, by who, and why?</p>	<p>The EMA is considered good practice in the UK by both policy-makers and researchers. This is why the initial pilot scheme has been rolled out nationwide.</p>

Annex 4: LIST OF DEPARTMENT FOR EDUCATION AND SKILLS RESEARCH REPORTS EVALUATING EDUCATION MAINTENANCE ALLOWANCES

1. Evaluation of Education Maintenance Allowance Pilots: Young People Aged 16-19 Years Final Report of the Quantitative Evaluation, Research Report RR678, 25th August 2005.
2. Young People from Ethnic Minority Backgrounds: Evidence from the Education Maintenance Allowance Pilots Database, Research Report RR627, 31st March 2005.
3. Young People not in Education, Employment or Training: Evidence from the Education Maintenance Allowance Pilots Database, Research Report RR628, 31st March 2005.
4. Teenage Mothers and Young People with Special Needs: Evidence from the Education Maintenance Allowance Pilots Database, Research Report RR629, 31st March 2005.
5. Education and Youth Crime: Effects of Introducing the Education Maintenance Allowance Programme, RCB01-05, 27th January 2005.
6. Implementation of the Education Maintenance Allowance Pilot: The Fourth Year, Research Report RR540, 27th May 2004.
7. Education Maintenance Allowance Transport Pilots – Quantitative Findings from Year 1 and 2 (2000-2001/2001-2002), Research Report RR471, 25th Sept 2003.
8. The Reflections of Early Leavers and Second Year Participants on the Education Maintenance Allowance Scheme, A qualitative study, Research Report RR411, 24th April 2003.
9. Implementation of the Education Maintenance Allowance Pilots: The Third Year, 2001/02 Research Report RR395, 27th March 2003.
10. Education Maintenance Allowance Pilots for Vulnerable Young People and Childcare Pilots: Implementation and Reported Impacts in the First Year, Research Report RR396, 27 March 2003.
11. Education Maintenance Allowance: The First Two Years A Quantitative Evaluation, Research Report RR352, 3rd July 2002.

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12. Evaluation of Education Maintenance Allowance Pilots: Leeds and London First Year Evidence, Research Report 353, 3rd July 2002.
 13. Implementation of the Education Maintenance Allowance Pilots: The Second Year, Research Report RR333, 13 March 2002.
 14. Implementation of the Education Maintenance Allowance Pilots: The First Year, Research Report RR255, 2nd March 2001.
 15. Education Maintenance Allowance: The First Year – A Quantitative Evaluation, Research Report RR257, 2nd March 2001.
 16. Staying Away or Staying On? A qualitative Evaluation of the Education Maintenance Allowance, Research Report RR256, 2nd March 2001.